FOURTH AMENDMENT TO THE 2020 UNIVERSAL REGISTRATION DOCUMENT

FILED WITH THE FCA ON 15 JUNE 2022

Universal Registration Document, annual financial report 2020 and first quarter 2021 results filed with the Financial Conduct Authority ("**FCA**") on 18 June 2021.
First amendment to Universal Registration Document, annual financial report 2020 and second quarter 2021 results filed with the FCA on 24 September 2021.
Second amendment to Universal Registration Document, third quarter 2021 results filed with the FCA on 30 December 2021.
Third amendment to Universal Registration Document and annual financial report 2021 filed with the FCA on 20 April 2022.

Société anonyme (Public Limited Company) with capital of 2,499,597,122 euros
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The fourth amendment to the 2020 Universal Registration Document has been approved by the FCA on 15 June 2022 as competent authority pursuant to Article 9 of the UK Prospectus Regulation. "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 of 14 June 2017 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") and regulations made thereunder.

The universal registration document may be used for the purposes of an offer to the public of securities in the United Kingdom if approved by the FCA together with any amendments, if applicable, and a securities note and summary approved in accordance with the UK Prospectus Regulation.

The 2020 Universal Registration Document (as supplemented) may form part of a prospectus of the Issuer consisting of separate documents within the meaning of the UK Prospectus Regulation.

1. AMENDMENTS TO THE 2020 UNIVERSAL REGISTRATION DOCUMENT

The Universal Registration Document is amended as follows:

(a) Section 1 entitled "Presentation of the BNP Paribas Group" on pages 7 to 36 shall be deleted in its entirety and replaced with the following:

"1 PRESENTATION OF THE BNP PARIBAS GROUP

1.1 Group presentation

With its integrated and diversified model, BNP Paribas is leader in banking and financial services in Europe. The Group leverages on strong customer franchises and business lines with strong positions in Europe and favourable positions internationally, strategically aligned to better serve customers and long-term partners.

It operates in 65 countries and has almost 190,000 employees, including nearly 145,000 in Europe. The Group's activities are diversified and integrated within a distinctive model combining commercial banking activities in Europe and abroad, specialised services (consumer credit, mobility and leasing services, and new digital business lines), insurance, private banking and asset management, and banking for large institutional companies.

Until 31 December 2021, the Group was organised into two main areas of activity:

- Retail Banking and Services, which includes:
  - a Domestic Markets division composed of commercial banks in the four Domestic Markets: Belgium, France, Italy and Luxembourg (activity included until 31 December 2021 within Other Domestic Markets activities):
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian Retail Banking,
    - Belgian Retail Banking (BRB),
    - the specialised businesses (Arval, BNP Paribas Leasing Solutions, Personal Investors, Nickel, Lyf) which were grouped together under "Other Domestic Markets activities";
  - International Financial Services, comprising:
    - international commercial banks:
      - Europe-Mediterranean,
      - BancWest;
    - specialised businesses, including:
      - Personal Finance,
      - Insurance,
      - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Global Banking,
  - Global Markets,
  - Securities Services.

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

In line with the principle of consistency of the information presented in the Universal registration document, in particular in chapter 3 *Activities and accounting items in 2021*, the presentation of the operating divisions and business lines is currently aligned with the Group's organisation presented above, in three operating divisions "Domestic Markets", "International Financial Services" and "Corporate & Institutional Banking".

BNP Paribas' organisation changed in 2021, and is now based on three operating divisions: Commercial, Personal Banking & Services (CPBS), Investment & Protection Services (IPS) and Corporate & Institutional Banking (CIB). Within this framework, the Group's new organisation effective from 2022 is as follows:

- **Commercial, Personal Banking & Services**, including:
  - Commercial & Personal banks in the euro zone:
    - Commercial & Personal Banking in France (CPBF),
    - BNL banca commerciale (BNL bc), Italian commercial banking,
    - Commercial & Personal Banking in Belgium (CPBB),
    - Commercial & Personal Banking in Luxembourg (CPBL).
  - Commercial banks outside the euro zone, which are organised around:
    - Europe-Mediterranean, to cover Central and Eastern Europe and Turkey,
    - BancWest in the United States.
  - Specialised businesses:
    - Arval,
    - BNP Paribas Leasing Solutions,
    - BNP Paribas Personal Finance,
    - BNP Paribas Personal Investors,
    - New digital business lines (Nickel, Floa, Lyf, *etc.*).
- **Investment & Protection Services**, including:
  - Insurance (BNP Paribas Cardif),
  - Wealth and Asset Management (BNP Paribas Asset Management, BNP Paribas Wealth Management and BNP Paribas Real Estate), Management of the BNP Paribas Group's portfolio of unlisted and listed industrial and commercial investments (BNP Paribas Principal Investments).
- Corporate and Institutional Banking (CIB), including:
  - Global Banking,
  - Global Markets,
  - Securities Services.

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

The new organisation took effect from 1 January 2022 and is therefore not reflected in chapter 1.4 *Presentation of operating divisions and business lines*. In line with the principle of exhaustiveness of the information presented in the Universal registration document, the new organisation of the divisions will be presented in chapter 3.6 *Outlook*.

1.2 Key figures

RESULTS

	2017	2018	2019	2020	2021
Revenues *(in millions of euros)*	43,161	42,516	44,597	44,275	46,235(****)
Gross operating income *(in millions of euros)*	13,217	11,933	13,260	14,081	15,124(****)
Net income Group share *(in millions of euros)*	7,759	7,526	8,173	7,067	9,488
Earnings per share *(in euros)*(*)	6.05	5.73	6.21	5.31	7.26
Return on equity(**)	8.9%	8.2%	8.5%(***)	7.6%	10.0%

(*) 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.

(****) Excluding the effect of the application of IFRS 5 relating to groups of assets and liabilities held for sale. See Chapter 3.

CAPITALISATION

	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
Market capitalisation *(in billions of euros)*	75.5	77.7	49.3	66.0	53.9	75.0

Source: Bloomberg.

LONG-TERM AND SHORT-TERM RATINGS

	Long-term and short-term ratings as at 2 March 2021	Long-term and short-term ratings as at 15 March 2022	Outlook	Date of last review
Standard & Poor's	A+/A-1	A+/A-1	Stable	24 June 2021
Fitch	AA-/F1+	AA-/F1+	Stable	23 September 2021
Moody's	Aa3/Prime-1	Aa3/Prime-1	Stable	4 December 2020
DBRS	AA (low)/R-1 (middle)	AA (low)/R-1 (middle)	Stable	29 June 2021

On 24 June 2021, Standard & Poor's confirmed the long-term rating of BNP Paribas at A+, with a stable outlook.

On 23 September 2021, Fitch confirmed the long-term rating of BNP Paribas at AA-, and updated the outlook from negative to stable.

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

On 17 July 2021, 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 business lines 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).

2012: Launch of Hello bank!

2015: Acquisition of BGZ Polska in Poland, which will become BNP Paribas Bank Polska

2018: Acquisition of Nickel, which offers banking solutions that are accessible to all, directly online or at tobacconists, without conditions of resources

2020: Agreement with Deutsche Bank for the takeover of its Prime Brokerage business

2021: Acquisition of FLOA, one of the French leaders in innovative payments

2021: Announcement of the sale of Bank of the West to BMO Financial Group

1.4 Presentation of operating divisions and business lines

The following presentation outlines the bank's organisation used in financial communication until 2021.

RETAIL BANKING & SERVICES

Retail Banking & Services includes the Group's commercial banking networks and specialised services in Europe and the rest of the world. Retail Banking & Services was divided into Domestic Markets and International Financial Services until 2021. Present in over 60 countries and employing more than 150,000 people, in 2021, Retail Banking & Services generated 69% of BNP Paribas' revenue (34% for Domestic Markets and 35% for International Financial Services).

DOMESTIC MARKETS

Domestic Markets includes BNP Paribas' Commercial Banking in the euro zone 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 the new digital business lines (alternative banking services) such as Nickel, Lyf or Floa.

The division is based on strong positions in cash flow activities such as Cash Management, Trade Finance and Factoring, the cash flow management needs of corporate clients in Domestic Markets and Corporate & Institutional Banking. They are part of the One Bank for Corporate approach to better serve corporate clients.

Domestic Markets is developing a Private Banking offering, by deploying the Private Banking activity in the Domestic Markets in an integrated way.

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

Lastly, the offer to individuals is completed with Nickel, responding to new banking practices in France and which is being developed in Europe, with a launch that took place in Spain in 2020 (with already 700 operational points of sale), and is planned for March 2022 in Portugal and Belgium. Nickel has opened more than 2.4 million accounts since its creation.

Hello bank!, the Group's main digital bank in France, Belgium, Germany and Austria, had 3.239 million customers at the end of December 2021.

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 almost 61,000 people, including nearly 46,000 working in the four domestic networks (France, Italy, Belgium, Luxembourg). It serves 19 million customers including more than 1 million professionals, small businesses and corporate clients in the four 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 corporate clients[3] and European Leaser of the year[4].

In 2021, the Domestic Markets teams continued to mobilise to support their clients and the economy. In addition to the numerous measures taken to support companies in meeting their need for liquidity (*e.g.* simplified factoring solutions, guaranteed loans or participating loans such as PPRs in France with 40% carried out at BNP Paribas), contacts with our clients were intensified (the number of physical or remote appointments increased by 4% in France between 2019 and 2021). The Domestic Markets teams mobilised to create the conditions to support all clients in this recovery (for example, with the creation of a team of investment bankers dedicated to SMEs and mid-caps) and accelerate their transition (for example, with the participation of the creation of the Low Carbon Transition Group).

[1] *Source: Euromoney.*
[2] *Source: WorldFinance.*
[3] *Source: Greenwich Share Leaders.*
[4] *Source: Leasing Life Awards 2020.*

FRENCH RETAIL BANKING (FRB)

With just over 23,000 employees, Commercial & Personal Banking in France (CPBF), formerly known as French Retail Banking (FRB), supports its clients in all their projects. CPBF offers innovative solutions in financing, payment, wealth & asset management, and insurance to 7 million individual customers, 6,736,000 professionals and very small enterprises, 31,400 corporate clients (SMEs, mid-sized and large corporates) and some 57,000 associations. French Commercial Banking thus occupies leading positions in Private Banking and Corporate Banking (Corporate Banking, SME/mid-caps) as well as strong positions in retail and professional banking. Combining the best in digital and human interaction, it provides its customers with broad interface capabilities, ranging from essential banking services, through a self-care solution, to customised guidance using dedicated teams and experts.

Commercial & Personal Banking in France is structured around 10 regions covering 146 territories, making it possible to provide all 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, 1,700 branches and 4,255 ATMs operating under the BNP Paribas and BNP Paribas – Banque de Bretagne brands;

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

  - Hello bank!, the BNP Paribas digital bank, which provides nearly 700,000 customers with real-time banking offers, credit, savings and insurance solutions adapted to new uses and ways of working for young workers and, more recently, a range of services and support for the self-employed,
  - a mabanque.bnpparibas website and a mobile app “Mes Comptes”, offering services used by more than 3.6 million unique customers per month, including 2.8 million on mobile devices (smartphones and tablets) and 2 million smartphone-only customers, with usage averaging 15.5 visits per month,
  - 9 customer service centres located in the regions, handling requests received by email, telephone, chat or secure messaging;
- 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[1];
- for corporate clients, a sizeable organisation that brings together multiple skills and dedicated teams:
  - 39 business centres for SME, mid-cap and key account customers, including five specialised divisions (Innovation, Real Estate, Images & Media, Institution, Non-profit Organisations & Foundations, Banking & Financial Services) and one skills centre dedicated to the energy transition sector, offer customised solutions that meet the specific needs of companies,
  - 22 Trade Centres,
  - 6 trading rooms,
  - 63 WAI[2] hubs supporting start-ups and innovative companies and two dedicated innovation hubs: WAI Paris and WAI Massy-Saclay, spaces for acceleration and connection. BNP Paribas, through the hundred or so WAI bankers across France, now supports 3,500 companies, including 85% of Next40 companies and 72% of FT120 companies[3];
- teams dedicated to the French overseas territories (four 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: BNP Paribas Factor, one of the European leaders in factoring, which offers solutions for managing trade receivables and payables; BNP Paribas Développement, a capital investment company, Portzamparc, which enables private clients and SMEs to invest or obtain financing on the stock market, and Copartis, a company specialised in subcontracting of banking products;
- a business support service (Client Service), a Cash Customer Service (CCS) and specific customer support centres;
- lastly, 52 production and sales support branches, back offices that handle all transaction processing.

Digital excellence and innovation at the service of customers is at the heart of the model developed by BNP Paribas within French Commercial Banking.

The set-up is widely recognised:

- BNP Paribas was ranked as the 2nd traditional bank in the annual 2020 D-Rating survey for its digital offer;
- BNP Paribas was also voted best private bank in France by Euromoney, PWM-The Banker, The Digital Banker, Global Finance and World Finance in 2021;
- For its part, Hello bank! was ranked 2nd in the D-Rating ranking (2021) of Pro banks in the contact channels section.

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1 *According to Euromoney 2021 ranking, according to the Assets under management criterion.*
2 *WAI: We Are Innovation.*
3 *Source: WAI, January 2022.*

BNL BANCA COMMERCIALE

BNL bc is Italy's 6th largest commercial bank in terms of total assets and 5th for customer loans[1].

With 11,000 employees[2], BNL bc supports its customers with all their projects. It provides a comprehensive range of banking, financial and insurance products and services to roughly 2.4 million individual customers[3], 53,000 Private Banking clients(5), 137,000 small businesses(5), 11,000 medium and large corporates(5) and 3,400 local authorities and non-profit organizations(5). It provides a comprehensive range of banking, financial and insurance products and services for a diversified customer base. 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 innovative and client-tailored offer models, leveraging on a multi-channel distribution network, organized by regions (*direzioni regionali*) and separate departments for Retail Banking (including a network of more than 600 life bankers and 300 financial advisors), Private Banking and Corporate Banking. The distribution network includes:

- for individuals and professional customers, 704 branches, with Open BNL multi-channel branches (75) serving customers 24/7;
- for private banking customers, BNL bc has 34 Private Banking centres located throughout Italy;
- for corporate clients and entrepreneurs, a sizeable organisation:
  - 44 small business centres,
  - 42 centres for SMEs, large corporates, local authorities and public sector organizations,
  - 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 110,000 devices (POS) for card payments, and a growing range of digital, online and mobile banking solutions.

As a result of this set-up, BNL bc has a significant position in lending to households, especially residential mortgages (market share of 6.8%[4]) and has a deposit base (3.6%(1) of household current accounts) above the market penetration rate (3.4%[5] in terms of number of branches).

BNL bc is also well established in the corporate markets (5.1%(1) of loans market share) and local authority, with a recognized expertise in cash management, cross-border payments, project finance, structured finance and factoring, *via* its subsidiary Ifitalia (ranked 3rd in Italy[6]).

BELGIAN RETAIL BANKING (BRB)

BNP Paribas Fortis is the No. 1 bank for retail customers[7] 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[8], and offers a full range of financial services to corporate clients, public sector entities and local authorities.

Retail & Private Banking (RPB) serves individual customers, entrepreneurs, and small and medium corporate clients 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 386 branches (of which 172 are independent) and 16 centres of a dedicated structure, Banque des Entrepreneurs (the bank for small businesses). This set-up is supplemented by 226 franchises under the Fintro[9] brand and 657 points of sale in partnership with Bpost bank. Its 386 branches are organised into 33 branch groups reporting to nine regions;
- RPB's digital platform manages a network of 1,215 ATMs (including Fintro), online banking services *(Easy Banking)* and mobile banking (2.5 million total aggregate active users);
- the bank is also available for customers thanks to the *Easy Banking Centre* which handles up to 80,000 calls per week.

The offer is completed by the digital bank, Hello 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

1 *Source: Annual and periodic reports of BNL and its competitors.*
2 *Source: Management accounting reports.*
3 *Source: Customer DMS and other internal collections.*
4 *Source: Bank of Italy, data as at 30 September 2021.*
5 *Source: Bank of Italy, December 2021.*
6 *Source: Assifact, ranking by turnover.*
7 *Source: Financial Market Data Monitor 2021 (Market survey on a representative sample of 2,000 households in December 2021).*
8 *Source: Greenwich 2020, in terms of market penetration.*
9 *In December 2021, Fintro had 226 branches, 976 employees and EUR 13.59 billion in assets under management (excluding insurance business) for 341,115 active clients.*

Banking customers are served *via* 30 Private Banking centres, a *Private Banking Centre by James*[1] and two 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 noncommercial 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.

LUXEMBOURG RETAIL AND CORPORATE BANKING (LRCB)

With a 16%[2] market share of the Retail Banking market and 24%[3] of the SME market, BGL BNP Paribas is the No. 2 retail bank in Luxembourg.

Luxembourg Retail Banking, Luxembourg Corporate Banking and Luxembourg Private Banking are actively involved in financing the economy and constantly fine-tune their strategy and network to align with changing customer behaviour and new consumption patterns, with a focus on digital services.

With the expertise of their employees, they support their customers to bring their plan to fruition, with:

- a Retail Banking network supporting more than 180,000 customers on a daily basis, based on:
  - 34 branches throughout the country and 97 ATMs for individual and business customers,
  - a comprehensive and diverse range of products and services offered through an innovative multi-channel presence, encompassing a branch network as well as 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 5,173 groups, with dedicated business managers;
- a private bank organised around five centres serving nearly 3,600 customers and offering tailored financial and wealth management solutions.

ARVAL

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

Arval had almost 7,500 employees at the end of 2021, in the 30 countries where the company operates, and lease nearly 1.5 million vehicles to its 300,000 customers. Arval is present in Europe, where it occupies a leading position, and is number one in France, Italy, Spain and Belgium[4]. 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 53 countries. With the signing of a partnership with Sixt Transporent, this alliance was extended to three additional countries in October 2021: Latvia, Lithuania and Estonia.

With the aim of leasing 700,000 electrified vehicles by 2025 and offering sustainable mobility solutions in all of its entities worldwide, Arval is a leader in sustainable mobility and is driving the energy transition of its customers, at the heart of its concerns.

BNP PARIBAS LEASING SOLUTIONS

BNP Paribas Leasing Solutions helps corporate clients and professionals develop their business with leasing and financing solutions as well as services tailored to their needs.

Its 3,400 employees support its customers' and partners' growth in 20 countries in Europe, but also in China, the United States and Canada.

BNP Paribas Leasing Solutions' teams of experts support:

- equipment manufacturers and professional software publishers with comprehensive and exclusive solutions aimed at stimulating and supporting the sales of their distribution networks and/or resellers;
- distributors, dealers, resellers and integrators of professional equipment with sales support solutions as well as a wide range of financial products and services to meet the needs of their customers;
- corporate clients, local authorities, craftspeople and professionals, with solutions to finance their investments.

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1 *Private Banking centre providing remote services through digital channels.*
2 *Source: TNS ILRES – Bank Survey December 2021.*
3 *Source: TNS ILRES – SME Bank Survey 2020.*
4 *Source: Frost & Sullivan, Full-Service Leasing Fleet at end-2020.*

BNP Paribas Leasing Solutions supports players in the real economy by financing all major markets for professional equipment (logistics, agricultural, IT, medical, *etc.*) as well as supporting the environmental transition of its customers through financing of positive impact equipment and the circular economy.

In 2021, BNP Paribas Leasing Solutions financed over 343,000 projects totalling EUR 14.7 billion. Its total outstanding assets under management at the end of December 2021 amounted to EUR 35.7 billion[1].

In 2020, BNP Paribas Leasing Solutions was named "European Lessor of the Year" and also received the "Vendor Finance" award from Leasing Life, the leading leasing magazine in Europe.

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 4.5 million customers (PI Germany had 1.91 million customers as of December 2021), on mobile applications, online, by phone or face-to-face. It provides decision-making tools, advice and analysis.

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 and India, BNP Paribas Personal Investors today has around 3,500 employees (PI Germany has 1,080 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. 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. BNP Paribas Wealth Management Private Banking is a digital asset manager for customers with an investment amount of EUR 250,000 or more who are served with three different advisory approaches. Personal Investors offers its services to nearly 1.9 million customers in Germany;
- in India, Sharekhan is one of the largest online brokers[4]. Its footprint extends to 575 cities across 28 states through a network of 153 branches and over 3,000 franchisees, serving 2.5 million customers;
- Hello bank! Austria no longer belongs to Personal Investors at the end of 2021. The bank was sold to an Austrian player.

NICKEL

With the acquisition of Nickel in 2017, BNP Paribas responded to customers' need to pay, and be paid, *via* a simple and handy service. Nickel is the second largest distributor of current accounts in France with more than 6,300 tobacconists and Points Nickel partners, and is a leader in its market.

Thanks to its digital model and a distribution method that is present throughout the country and not affected by lockdown measures, Nickel maintained a sustained rate of customer acquisition throughout the year and even recorded a record number of new accounts opened in October 2021, with more than 47,500 openings during the month, thus reaching nearly 2.4 million accounts opened as at 31 December 2021 since its launch.

After entering Spain in 2020, Nickel has the ambition, as part of its strategic plan, to expand in other European countries, starting with Belgium and Portugal from the first quarter of 2022.

INTERNATIONAL FINANCIAL SERVICES

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

- International Retail Banking, which brings together: Retail Banking activities in nine countries outside the euro zone, where BNP Paribas' integrated model is deployed to serve individuals, SMEs, professionals and corporate clients;
- BNP Paribas Personal Finance is a major European player in consumer credit, 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;
- the insurer, BNP Paribas Cardif, offers savings and protection solutions to insure people, their projects and their assets (nearly 8,000 employees, 33 countries, EUR 282 billion in assets under management);
- three leading specialist businesses in Wealth and Asset Management:

1 Of which EUR 12.3 billion in outstandings across the four 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.

- BNP Paribas Wealth Management is developing its Private Banking model with a client base of entrepreneurs, family offices and high net worth clients (nearly 6,800 employees, 19 countries, EUR 422 billion in assets under management),
- BNP Paribas Asset Management is a significant player in asset management (nearly 2,300 employees in 37 countries, with EUR 537 billion in assets under management),

- BNP Paribas Real Estate is one of the leaders in real estate services to companies in Europe across the entire life cycle of real estate assets (development, transaction, appraisal, property and investment management) and across all asset classes (offices, logistics, retail, hotel and residential), nearly 5,000 employees, 30 countries, EUR 30 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)

Within the Retail Banking division, IRB includes commercial and personal banking activities for individuals, professionals and corporate clients in the nine non-euro zone countries. It is structured around two regions:

- Bank of the West, in the United States; Commercial bank, for which a disposal agreement was entered into with BMO Financial Group on 18 December 2021;
- Europe-Mediterranean, covering Central Europe, Eastern Europe, Turkey and Africa.

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

Founded on solid local knowledge, IRB uses the BNP Paribas integrated model and its platforms to support clients in their financial and non-financial services needs, beyond the Domestic Markets, with varied expertise.

IRB supports individual and professional customers sustainably and responsibly across all its regions, through three business lines:

- Commercial Banking, whose multi-channel and local network (2,114 branches) serves more than 16.8 million individual and Small and Medium-sized Business customers;
- Private Banking relies on the deployment of global Wealth Management activities, within the integrated model, in conjunction with the corresponding Wealth Management franchise within International Financial Services;
- Corporate Banking, with a network of 70 business centres, 20 trade centres and nine 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 & Commercial Banking business in the United States is conducted through Bank of the West, headquartered in San Francisco. It operates 514 branches and offices in 24 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 99 billion in assets and USD 83 billion in deposits at 30 June 2021, it has a deposit market share of 2.8% in the top three states (California, Colorado, and Oregon), which accounts for 83% of its deposits.

Bank of the West markets a very broad range of Retail & Commercial 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. In November, the bank launched its TreasuryNow platform, a transformative treasury management platform that enables finance decision-makers to become strategic leaders[1].

Bank of the West is incorporated into the Group's positioning on sustainability, global reach and diversity. The bank has developed an ESG vertical across its lines of business to accelerate sustainable financing. The bank was also recognised externally for its disability inclusion efforts and received the distinction of being one of the "Best Places to Work for Disability Inclusion" in July 2021 thanks to its position as a top scorer in the Disability Equality Index[2].

Europe-Mediterranean

With around 25,000 employees and a network of nearly 1,600 branches, Europe-Mediterranean (EM) now serves close to 15 million customers across seven countries[3]. The entity includes the banks TEB in Turkey, BNP Paribas Bank Polska in Poland, UKRSIBBANK in Ukraine, BMCI in Morocco, BNP Paribas El Djazaïr in Algeria, BICIS in Senegal and BICICI in Côte d'Ivoire, as well as a partnership in Asia (Bank of Nanjing in China). These banks are developing an integrated model in their countries, in close cooperation with the Group's other business lines.

In 2021, the banks continued to accelerate their digital transformation and innovate to serve their customers. They also worked to promote the energy transition and financial inclusion in line with the BNP Paribas Group's engagement strategy. For example, in Côte d'Ivoire, BICICI launched FinDiETou, an inclusion project aimed at providing financial education to small shopkeepers[4]. In August, BMCI finalised the overhaul of its IT system, launched in 2017. This digital transformation will enable the bank to offer its

[1] *Let's Celebrate - TreasuryNow® Launches Today! - Echonet mobile.*
[2] *Bank of the West Recognized as Great Place to Work for Disability Inclusion - Echonet mobile.*
[3] *Excluding China.*
[4] *BICICI | FinDiETou.com: the first digital platform for financial education in local languages.*

customers new functionalities as well as new digital services. BNP Paribas Bank Polska was the first bank in its market to offer its customers the opportunity to monitor and measure their carbon footprint[1].

The banks in Poland (BNP Paribas Bank Polska) and Turkey (TEB) received the "Top Employer 2021" award as part of the "Top Employer Europe" label awarded to BNP Paribas for the eighth consecutive year[2]. TEB and BNP Paribas Bank Polska have also issued their first Sustainability-Linked Loans[3].

BNP PARIBAS PERSONAL FINANCE

BNP Paribas Personal Finance is the BNP Paribas Group's consumer credit specialist through its consumer loan business activities. Major European player in consumer credit, BNP Paribas Personal Finance operates in around thirty countries, with nearly 20,000 employees.

Since 2020, BNP Paribas Personal Finance's purpose is to: *"Promote access to more responsible and sustainable consumption to support our customers and our partners"*, demonstrating the 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.

Operating under several brands such as Cetelem, Findomestic and AlphaCredit, BNP Paribas Personal Finance markets a wide range of loans to individuals to support the growth of managed consumption, the development of the circular economy and the energy transition.

Loans are available in stores, car dealerships or via customer contact centres, websites and mobile applications.

BNP Paribas Personal Finance has developed an active partnership strategy 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 third parties.

The consumer credit business operates within BNP Paribas Group's commercial banks in some non-domestic countries.

Since 2014, BNP Paribas Personal Finance has implemented a plan to accelerate and industrialise the deployment of digital activities in all of its regions. In 2021, this profound transformation has improved both the agility and the operational effectiveness of the model. 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.

In total, 7.5 million loans (*i.e.* 85.6%) are subject to automatic authorisation. Close to 73% of contracts are signed electronically and more than 90% of monthly statements are digitalised.

Transactions carried out by self-care customers exceed one million transactions per month and are carried out by 400 robots automating processes (APR technology), developed and built in-house.

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(1), BNP Paribas Cardif 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. Nearly 8,000 employees worldwide contributed to generating revenue of EUR 32.6 billion in 2021.

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 2021, the insurer strengthened its positive impact on society. BNP Paribas Cardif joined the Net-Zero Asset Owner Alliance and the Climate Action 100+ collaborative initiative to act in favour of the climate. As part of its responsible investment strategy, BNP Paribas Cardif has set itself the target of investing EUR 1 billion per year on average by the end of 2025 in positive impact projects. In 2021, BNP Paribas Cardif signed an unprecedented solidarity rental partnership in Paris with the housing association Habitat et Humanisme. This diversification of its investments allows the insurer to take concrete action on social issues and to contribute to giving meaning to policyholders' investments.

[1] *First bank in Poland to team up with Doconomy, as BNP Paribas Bank Polska aim to offer 3.9 million clients digital tools for a sustainable lifestyle. | Doconomy (mynewsdesk.com).*

[2] *BNP Paribas certified "Top Employer Europe" for 2021 - BNP Paribas (group.bnpparibas).*

[3] *Logistics company Raben closes debut SLL to reach sustainability goals - BNP Paribas CIB.*

BNP Paribas Cardif continues to support its long-standing partners in their transformation by developing service ecosystems around insurance products (retirement for BNP Paribas customers in France, cyber protection for customers of Carrefour Banco in Brazil, employability and home for Scotiabank customers in Latin America, automotive services for Icare customers, *etc.*). The insurer also continued its transformation by intensifying its partnerships with digital platforms (Back Market in France, Spain, Germany, Belgium, the Netherlands and Italy, Check24 in Germany, Leboncoin in France, *etc.*).

At the end of 2021, BNP Paribas Cardif continued its diversification strategy by forging a strategic alliance with JAB to offer a range of insurance products and health services for domestic pets in Europe and Latin America.

BNP PARIBAS WEALTH MANAGEMENT

BNP Paribas Wealth Management develops the BNP Paribas Group's Private Banking model across 19 countries around the world, serving a client base of entrepreneurs, family offices and High Net Worth Individuals.

With EUR 422 billion in assets under management in 2021, over 6,800 employees and offices in Europe, Asia, the United States and the Middle East, BNP Paribas Wealth Management is a major global private bank and the leader in the eurozone.

Anchored in the BNP Paribas integrated model, BNP Paribas Wealth Management draws on the Group's full resources and is structured to support its clients in different markets. In Europe, the Private Banking business is promoted by BNP Paribas' Retail Banking networks. In Asia, the private bank benefits from the Group's established presence in the market and Corporate & Institutional Banking's expertise to cater to the most sophisticated needs of its clients. In 2021, BNP Paribas Wealth Management strengthened its offering to entrepreneurs and family offices to meet their specific personal and business needs through adapted, tailored solutions.

Well recognised globally in the financial industry for its experience and expertise, BNP Paribas Wealth Management offers clients a wide range of products and services: wealth planning, financial expertise (financial management, financial investments), tailor-made financing and specialised expertise (*e.g.* real estate, vineyards, philanthropy) 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 all individual clients, both for their daily needs and for their more elaborate projects.

For many years, sustainable investment and responsible innovation have been at the heart of BNP Paribas Wealth Management's business culture. The Responsible Investment offering was launched in 2006 to respond to the emerging desire of investors to combine financial performance with a social and environmental dimension and it is based on in-depth expertise and clients' personal convictions. BNP Paribas Wealth Management has continued to develop responsible investment, by extending its range of sustainable products and services. Thanks to the myImpact digital tool, clients in a greater number of countries have the opportunity to define their priorities for sustainability and philanthropy. The year 2021 was also marked by the rollout of the "Clover Rating methodology" to all asset classes, allowing clients to identify and select sustainable investments that meet their search for positive impact across their portfolio.

With a constant focus on innovation, BNP Paribas Wealth Management's range of digital solutions continues to expand in order to offer a unique client experience. Accelerated by the health crisis, digital tools have helped BNP Paribas Wealth Management teams to remain close to clients during this unprecedented period and provide a top-quality service. Client interactions took the form of virtual conferences, podcasts or articles on the web and social networks, as well as secure chat and instant messaging solutions.

BNP Paribas Wealth Management won several awards in 2021:

- Best Private Bank in Europe[1], ranked No. 1 in France[2] for the ninth time in ten years, No. 1 in Italy[3] for the seventh consecutive year, No. 1 in Belgium[4], as well as No. 1 in Luxembourg[5], Spain[6], Poland(6) and Turkey(4);
- Best Private Bank in Hong Kong[7] and Singapore[8];
- Best Private Bank in the Middle East(6);
- Best Private Bank for Entrepreneurs in Western Europe(4);
- Best customer experience worldwide(6);
- Best innovative ESG solutions in the world(6);
- Best innovative ESG and philanthropic offer(6).

[1] *Private Banker International 2021.*
[2] *PWM/The Banker Private Banking Awards 2021.*
[3] *World Finance Wealth Management Awards 2021.*
[4] *Global Finance Magazine World's Best Private Banks 2021.*
[5] *Euromoney Global Private Banking and Wealth Management Survey 2021.*
[6] *Digital Banker Global Private Banking Innovation Summit & Awards 2021.*
[7] *The Asset Triple A Awards 2021.*
[8] *WealthbriefingAsia award 2021.*

BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management is the BNP Paribas Group's dedicated asset management business and has 2,000 people in more than 30 countries with a significant presence in Europe and the Asia-Pacific region. Through the BNP Paribas integrated model, BNP Paribas Asset Management serves a large international client base and has close relationships with the distribution networks within BNP Paribas' commercial banks. Ranked the 10th largest asset manager in Europe[1], the company managed assets totalling EUR 537 billion[2] and has nearly 500 investment professionals(10).

BNP Paribas Asset Management offers investment solutions for individual investors (through internal distributors within BNP Paribas and external distributors), corporates and institutional investors (insurance companies, pension funds, official institutions and consultants). It develops specific expertise: active, conviction-based strategies, emerging markets, multi-asset investments, private assets 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. Since 2002, the company has been committed to sustainability. It marked a new turning point in 2021 by changing its strapline to "the sustainable investor for a changing world" to better embody its values and strategy. As a result, BNPP AM ranked 9th in the Global Top 10 Responsible Investment Brand Index 2021 – RIBI[3], which analyses the 500 largest asset managers worldwide and assesses their commitment as responsible investors and their ability to translate this commitment into the heart of their identity.

BNPP AM is a major sustainable investment player with 81.4% of its open-ended funds classified as Article 8 (promoting ESG characteristics) or Article 9 (with a sustainable development objective) of the European SFDR regulation - which identifies funds according to their sustainability potential. A positioning supported by its 145 SRI-labelled funds, representing EUR 132.5 billion in assets in France and Belgium, making the asset management company the leader in the European SRI market(10).

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. BNPP AM ranked 2nd by ShareAction for its proxy voting strategy on environmental and social issues[4].

BNPP AM also won the ESG Asset Management Company of the Year award in Asia for a third successive year.

BNP PARIBAS REAL ESTATE

With its extensive range of services, and its 4,500 employees, BNP Paribas Real Estate supports its customers across all stages of the property life cycle, from building design to everyday management:

- **Property Development** – more than 2,400 housing units started in France and nearly 50,000 m2 of offices launched in France and Madrid in 2021;
- **Advisory** (Transaction, Consulting, Expertise):
  - 5.8 million m2 invested in 2021 (3,200 deals),
  - EUR 28.7 billion in investments supported,
  - And 72,000 valuations carried out;
- **Investment Management** – EUR 30 billion in assets under management in Europe, mainly in France, Germany and Italy as at 31 December 2021;
- **Property Management** – 46.2 million m2 of commercial real estate managed in Europe as at 31 December 2021.

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

It is proposed based on the needs of clients, whether they are institutional investors, owners, corporate clients (SMEs, large corporate groups), public entities, local authorities or individuals.

In commercial real estate, BNP Paribas Real Estate is present in 30 countries, with:

- **direct offices in 11 European countries**, a continent where we are one of the leaders and where our main markets are France, Germany and the United Kingdom. We are also present in Belgium, Spain, Ireland, Italy, Luxembourg, the Netherlands, Poland and Portugal;
- **platforms** in Hong Kong (SAR China), Dubai and Singapore to support local investors in their real estate strategies in Europe;

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1 *Source: IPE Top 500 Asset Managers 2021.*
2 *Source: BNP Paribas Asset Management, as at 31 December 2021.*
3 *RIBI 2021, https://www.ri-brandindex.org/.*
4 *Source: ShareAction, 2021 edition of the "Voting Matters" study, analysing how the largest global asset managers voted at Annual General Meetings, out of a total of 146 ESG resolutions. Read the full report: Voting Matters 2021: Are asset managers using their proxy votes for action on environmental and social issues?*

- **a network of commercial Alliances** with local partners in 16 other countries (Austria, Denmark, Estonia, Finland, Greece, Hungary, Jersey, Latvia, Lithuania, Northern Ireland, Norway, Czech Republic, Romania, Sweden, Switzerland and the United States).

In residential and office property development, BNP Paribas Real Estate mainly operates in the Paris region and in several major regional cities such as Bordeaux, Lyon, Marseille, Nice and Toulouse. Abroad, the Company has already delivered office and housing programmes in London, Frankfurt, Milan and Rome and is currently carrying out a major office project in Madrid.

CORPORATE & INSTITUTIONAL BANKING

With close to 36,000 people in 55 countries, BNP Paribas CIB serves two types of clients – Corporates and Institutionals (Banks, Insurance Companies, Asset Managers, *etc.*) – offering them tailored solutions in Capital Markets, Securities Services, Financing, Risk Management, Cash Management and Financial Advice.

Acting as a bridge between Corporate and Institutional clients, CIB aims to connect the financing needs of our Corporate clients with Institutional ones looking for investment opportunities. In 2021, 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:

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

The regional approach is present in three main regions:

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

2021 Awards

- **IFR Awards 2020:**
  - Bank for Sustainable Finance,
  - ESG House Asia;
- **Euromoney Awards for Excellence 2021:**
  - World's best bank for ESG data and technology;
  - World's best bank for sustainable finance.

GLOBAL BANKING

Global 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 Banking global platform and can benefit from the expertise of all other business centres for its activities.

In EMEA, Global 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 2021. 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, as well as transaction banking services (cash management, international trade, supply chain financing).

In Asia Pacific, Global Banking covers over 1,400 Asian Corporates plus 900 MNC clients and involves around 950 employees. Global Banking activities encompass the full suite of financing, capital raising (debt and equity capital markets), M&A advisory services, transaction banking (cash management, international trade, supply-chain financing) as well as related risk hedging services in conjunction with Global Markets. Global Banking offers clients comprehensive and integrated end-to-end banking facilities in major currencies as well as local currencies through BNP Paribas branches or subsidiaries in Asia-Pacific.

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 across 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.

2021 Awards

- Global Adviser of the Year in project finance (Project Finance International);
- Bank for Sustainable Finance (International Financing Review);
- Bond House (International Financing Review);
- EMEA Loan House (International Financing Review);
- Asian Large Corporate Banking and Cash Management Greenwich Share Leader 2021 (2021 Greenwich Leader);
- Western Europe's Best Bank on sustainable finance & capital markets (Euromoney);
- World's best transaction bank (Global Finance magazine).

2021 Rankings

- No. 1 for Global Banking with large corporate clients in Europe[(1)];
- No. 1 for all bond issues in the EMEA zone[(2)];
- No. 1 for syndicated loans in the EMEA zone(2);
- No. 1 for securitisation transactions in EMEA(2).

GLOBAL MARKETS

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

An industry leader with significant market share on global stock markets and regularly ranked as one of the leading providers, GM offers a wide range of financial products and services on the equity, interest rate, foreign exchange, local and credit markets. With over 4,000 employees, GM has global coverage, operating in 36 markets worldwide including a number of large scale business centres, in particular London, Paris, Brussels, New York, Hong Kong, Singapore and Tokyo.

The business comprises five global business lines, across two core activities:

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

In 2019, Global Markets signed an agreement with Deutsche Bank to provide continuity of service to its Global Prime Finance and Electronic Equities clients. In January 2022, BNP Paribas completed the transfer of clients, technology and key staff from Deutsche Bank's global prime finance and electronic equities businesses to BNP Paribas. This was followed by an announcement in 2021 that BNP Paribas would acquire 100% of Exane, thus raising its stake from the 50% previously held during a successful 17-year partnership. These landmark deals position the bank as a leader in global equities and redefine its offering for institutional clients.

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

2021 awards

- **Energy Risk Awards** – Environmental Products House of the Year, Base Metals House of the Year, OTC Platform of the year;
- **Global Capital Derivatives Awards** – Structured Products House of the Year, Commodity Derivatives House of the Year, Research and Strategy House of the Year, Credit Derivatives House of the Year;
- **Risk Awards 2021** – Currency Derivatives House of the Year;
- **Central Banking Awards 2021** – Global Markets Award;
- **The Banker Innovation in Digital Banking Awards 2021** – AI and Robotics Award;
- **IFR Awards** – Bond house of the Year, Loan House of the Year, Best Bank for Sustainable Finance, Euro Bond House of the Year, Europe Investment Grade Corporate Bond House of the Year, EMEA Loan House, ESG House Asia;

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[1] *Greenwich Share Leaders 2020 and preliminary version 2021.*
[2] *Source Dealogic as at 31 December 2021.*

- **Environmental Finance Bond Awards** – Lead manager of the Year, Social Bonds – Bank, Lead manager of the Year, Sustainability Bonds – Sovereign, Loan Structurer/ Coordinator/Arranger of the Year;
- **Institutional Investor Developed Europe Rankings** – Number 1 in Industry Research, Number 1 for Ranked Analysts, Specialist Sales ranked top 3 positions in 24 categories;
- **FX Markets eFX Awards 2021** – Best Algo Provider, Best Prime Broker;
- **FX Markets Best Bank Awards 2021** – Best bank for sustainable finance, Best bank for Europe, Best bank for FX algos, Best bank for forwards/swaps;
- **Futures and Options World Awards 2021** – Bank of the Year;
- **SRP Europe Awards** – Best Issuance Platform – Smart Derivatives, Best ESG House, Best Performance – Netherlands;
- **Global Capital Bond Awards** – Most Impressive Corporate Bond House in Euros, Most Impressive Bank for Corporate Green/SRI Capital Markets, Most Impressive Corporate Coverage Team, Most Impressive Bank for CEE Bonds, Most Impressive Investment Bank for CEEMEA Green/SRI Capital Markets, Most Impressive FIG House in Euros, Overall Most Impressive Investment Bank for Green/SRI Capital Markets, Most Impressive SSA House in Euros.

2021 Rankings

- Sustainable bonds: No. 1 in EMEA and No. 2 worldwide;
- Green bonds: No. 1 in EMEA and No. 2 worldwide;
- World Best Bank for Sustainable Finance.

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in Securities Services with assets under custody up 15.1% compared to 2020 to EUR 12,635 billion and assets under administration up 14.5% to EUR 2,521 billion.

With a global reach covering more than 90 markets, Securities Services' custody network is one of the most extensive in the industry. As part of its developments in targeted markets to enable clients to maximise their investment opportunities worldwide, in August 2021 BNP Paribas was granted a licence to provide custody services for China's Qualified Foreign Investor (QFI) scheme.

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.

2021 awards

- Transaction Bank of the Year for Securities Services (The Banker Transaction Banking Awards 2021);
- European Custodian of the Year, Asia Pacific Custodian of the Year, Asia Pacific Fund Administrator of the Year (Asset Servicing Times Industry Excellence Awards 2021);
- ESG Custodian of the Year, Private Equity Fund Administrator of the Year (Global Investor Investment Excellence Awards 2021);
- Best Global Custodian in Asia-Pacific (Asia Asset Management Best of the Best Awards 2021);
- Bond Connect Top Custodian (Bond Connect Awards 2021).

CORPORATE CENTRE

PRINCIPAL INVESTMENTS

Principal Investments manages the Group's portfolio of unlisted and listed industrial and commercial investments with a view to supporting the growth of European midcaps and creating 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 has 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 commitments in 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 was allocated by the Group at the end of 2015. The mission of Principal Investments is thus extended to the constitution and management of a portfolio of minority stakes in innovative companies (start-ups) linked to the ecological transition. This strategy will also be open to the Bank's clients through the launch of the BNP Paribas Solar Impulse Venture Fund, in partnership with the Solar Impulse Foundation.

It should be noted that the Principal Investments activity was integrated into the IPS division on 1 January 2022.

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 transferred to "Other Activities" as at 1 January 2014.

1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2020, BNP Paribas SA's share capital stood at EUR 2,499,597,122 divided into 1,249,798,561 shares. Details of historical changes in share capital are provided in chapter 7, note 7a *Changes in share capital and earnings per share*.

In 2021, the number of shares comprising the share capital was affected by the cancellation of 15,466,915 shares following buybacks on the market: thus, as at 31 December 2021, BNP Paribas' share capital stood at EUR 2,468,663,292, divided into 1,234,331,646 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

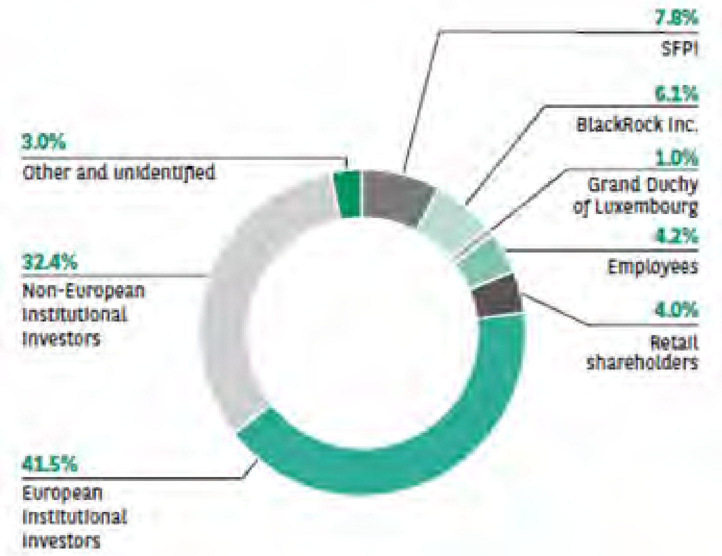
➤ CHANGES IN THE BANK'S OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Dates			**31/12/2020**			**31/12/2021**
Shareholders	**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)**	**7.8%**	**7.8%**
BlackRock Inc.	**74.78(4)**	**6.0%**	**6.0%**	**74.96(5)**	**6.1%**	**6.1%**
Grand Duchy of Luxembourg	**12.87**	**1.0%**	**1.0%**	**12.87**	**1.0%**	**1.0%**
Employees	**54.91**	**4.4%**	**4.4%**	**51.32**	**4.2%**	**4.2%**
▪ of which FCPE(6) Group	41.41	3.3%	3.3%	39.18	3.2%	3.2%
▪ of which directly held	13.50	1.1(*)	1.1(*)	12.14	1.0(**)	1.0(**)
Corporate officers	**0.25**	**NS**	**NS**	**0.30**	**NS**	**NS**
Treasury shares(7)	**1.26**	**0.1%**	**-**	**1.28**	**0.1%**	**-**
Retail shareholders	**52.08**	**4.2%**	**4.2%**	**48.75**	**4.0%**	**4.0%**
Institutional investors	**918.45**	**73.5%**	**73.6%**	**910.74**	**73.8%**	**73.9%**
▪ European	543.17	43.5%	43.5%	511.62	41.4%	41.5%
▪ Non-European	375.28	30.0%	30.1%	399.12	41.5%	32.4%
Other and unidentified	**38.65**	**3.1%**	**3.1%**	**37.56**	**3.0%**	**3.0%**
TOTAL	**1,249.80**	**100%**	**100%**	**1,234.33**	**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. 219C0988 dated 19 June 2019.
(4) According to the statement by BlackRock dated 4 January 2021.
(5) According to the statement by BlackRock dated 30 November 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 0.4% 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 2021 (IN % OF VOTING RIGHTS)



To the Company's knowledge, there are no shareholders, other than SFPI and BlackRock Inc., who held more than 5% of the share capital or voting rights as at 31 December 2021.

The Société Fédérale de Participations et d'Investissement (SFPI) became a shareholder of BNP Paribas on the occasion of the merger with the Fortis group, which took place in 2009; during the same financial year, it made two declarations of threshold crossing to the Autorité des Marchés Financiers (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 decrease 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 Inc. 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.

LISTING INFORMATION

When the shareholders of BNP and Paribas approved the merger between the two banks at the Shareholders' 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 individual 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).

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 (two ADRs correspond to one 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 VE Euronext indices (World 120, Europe 120, Eurozone 120 and France 20), 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 2018 AND 31 DECEMBER 2021

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

Source: Bloomberg.

In the three-year period from 31 December 2018 to 31 December 2021, BNP Paribas' share price increased by 53.9% from EUR 39.48 to EUR 60.77, outperforming euro zone banks (EURO STOXX Banks: +15.4%), European banks (STOXX Banks: +9.5%), and the CAC 40 (+51.2%).

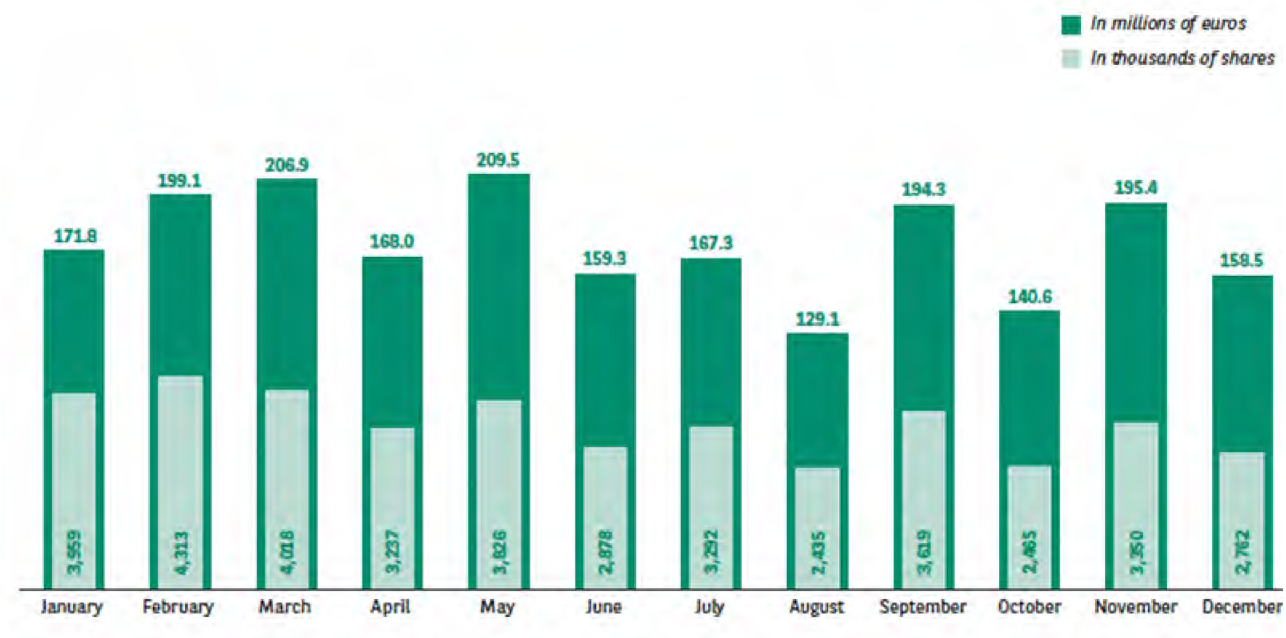
Over the last year, since the beginning of 2021, BNP Paribas' share price rose 41.0% from EUR 43.11 to EUR 60.77, outperforming euro zone banks (+36.2%) and European banks (+34%) and significantly outperforming the CAC 40 index (+28.9%). Over this period, European banking stocks were impacted by the economic consequences of the Covid-19 health crisis and by the recommendation to suspend the payment of dividends by the European Central Bank (ECB); they were then supported by the good performance of banking institutions, the lifting of ECB restrictions and the outlook for economic recovery supported by the progress in vaccination and the rise in interest rates.

➤ BNP PARIBAS MONTHLY AVERAGES AND HIGH AND LOW MONTHLY CLOSING PRICES SINCE JANUARY 2020

Source: Bloomberg.

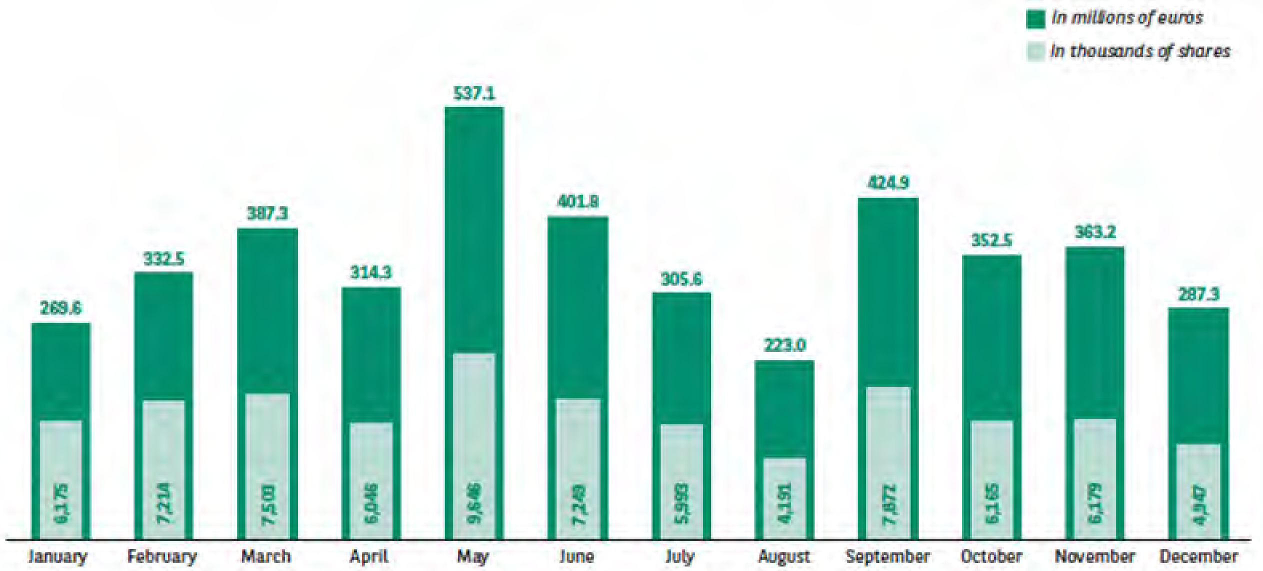
- At 31 December 2021, BNP Paribas' market capitalisation was EUR 75.00 billion, ranking it 10th among CAC 40 stocks; BNP Paribas' free float also put the bank in 7th place on the Paris market index and in 13th place in the EURO STOXX 50 index.
- Daily trading volume on Euronext Paris averaged 3,336,768 shares in 2021, up 40.5% from the previous year (5,607,809 shares per trading session in 2020). Including the volumes traded on multilateral trading facilities (MTFs), daily trading volume in 2021 averaged 6,598,243 shares, down 31.16% from 2020 (9,585,550 shares traded daily in 2020).

➤ TRADING VOLUME ON EURONEXT PARIS IN 2021 (DAILY AVERAGE)



Source: Euronext.

➤ **TOTAL TRADING VOLUME ON EURONEXT AND MTFS IN 2021 (DAILY AVERAGE)**



Source: Bloomberg Composite EU Quote BNPP.

SHAREHOLDER DASHBOARD

In euros	2017	2018	2019	2020	2021
Earning per share(1)	6.05	5.73	6.21	5.31	7.26
Net book value per share(2)	75.1	74.7(*)	79.0	82.3	88.00
Net dividend per share	3.02	3.02	0.0(3)	2.66(4)	3.67(6)
Pay-out ratio (cash)(7)	50.0	52.72	0.0(3)	50.00(5)	50.006)
Share price					
Highest(8)	68.89	68.66	53.81	54.22	62.55
Lowest(8)	54.68	38.18	38.14	24.51	39.71
Year-end	62.25	39.475	52.83	43.105	60.77
CAC 40 index on 31 December	5,312.56	4,730.69	5,978.06	5,551.41	7,153

(1) Based on the average number of shares outstanding during the fiscal year.

(2) Before distribution. Revalued 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) EUR 1.11 distributed following the approval of the Shareholders' Combined General Meeting of 18 May 2021, plus EUR 1.55 distributed following approval by the Ordinary Annual General Meeting of 24 September 2021; taking into account only the distribution of the 2020 dividend.

(5) Taking into account only the distribution of the 2020 dividend.

(6) Subject to approval at the Annual General Meeting of 17 May 2022, and not taking into account the EUR 900 million share buyback programme· executed between 1 November 2021 and 6 December 2021.

(7) Dividend distribution recommended at the Annual General Meeting expressed as a percentage of net income attributable to shareholders.

(8) Recorded during the meeting.

(*) Impact of the first application of IFRS 9 on shareholders' equity at 1 January 2018: - EUR 2.5 billion, i.e. EUR 2 per share.

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 2021, 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	5.9583	9.8958	8.46%
25 years	02/01/1997	30.40	5.0640	10.1230	9.70%
Since the creation of BNP Paribas	01/09/1999	72.70	4.6750	3.9078	6.29%
20 years	02/01/2002	100.4	4.4001	2.6633	5.02%
15 years	02/01/2007	83.50	1.8146	1.3206	1.87%
10 years	02/01/2012	30.45	1.4825	2.9587	11.45%
7 years	02/01/2015	49.43	1.3362	1.6427	7.35%
6 years	04/01/2016	51.75	1.3015	1.5284	7.33%
5 years	02/01/2017	60.12	1.2402	1.2536	4.63%
4 years	02/01/2018	62.68	1.1899	1.1537	3.64%
3 years	02/01/2019	38.73	1.1277	1.7694	20.97%
2 years	02/01/2020	53.20	1.0496	1.1989	9.51%
1 year	04/01/2021	43.86	1.0496	1.4543	46.03%

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 2022, the timetable is as follows[1]:

- 8 February 2022: publication of 2021 full year results;
- 3 May 2022: publication of the first quarter 2022 results;
- 29 July 2022: publication of the second quarter and first half 2022 results;
- 3 November 2022: publication of the third quarter and the first nine months 2022 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 General 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 377,500 retail shareholders (internal sources and TPI Survey at 31 December 2021). 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 46,400 retail shareholders holding at least 200 shares. They receive the financial newsletters each half-year and the minutes of the Annual General Meeting. They also receive regular e-mails informing them of new events on the Cercle des actionnaires (shareholders' group) website (www.cercle-actionnaires.bnpparibas), which also features all the available products and services. Each Cercle member has a personal and secure access to manage their registrations and retrieve their invitations.

In 2021, as soon as cultural establishments reopened, the Cercle again offered face-to-face outings (over one hundred during the second half of the year). Video conferences - the Cercle's podcasts (interviews with historians, speakers, artists, *etc.*) complete this programme. The site's magazine pages provide additional information on the BNP Paribas Group's visits, concerts and commitments.

A **toll free phone 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 performance.

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 Group's goals, the policy that followed and the 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.*

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 2021, 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 Catherine Drolc, residing in Montpellier;
- 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 Ugo Cuccagna, BNP Paribas employee;
- Ms Christine Valence, BNP Paribas employee.

In accordance with the provisions of the charter, to which all participants subscribed and which serves as the Internal Rules, the committee members met twice in 2021, on 1 April (again "remotely" *via* video-conference due to Covid-19) and 24 September (following the Ordinary Annual General Meeting).

The main topics of discussion included:

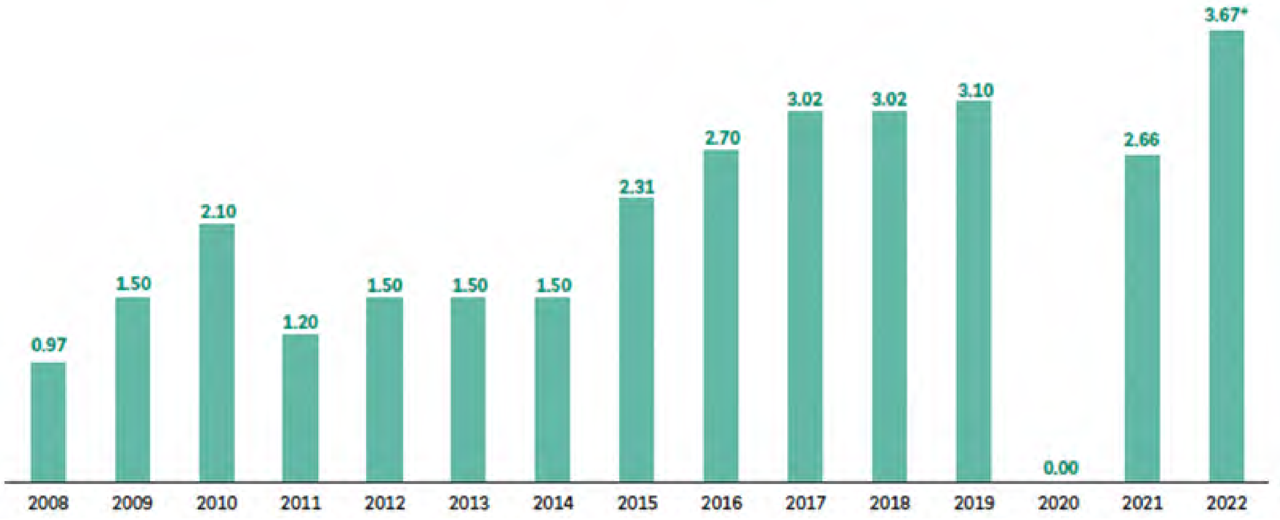
- BNP Paribas' capital structure and changes therein, particularly among "retail shareholders";
- the proposals made to the Cercle des actionnaires (BNP Paribas shareholders' group), which were seriously disrupted due to the coronavirus epidemic;
- the draft 2020 Universal registration document, and specifically, the chapters on *Shareholder Relations*, *Corporate governance* and *Social and Environmental Responsibility*;
- the new version of 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 and environment.

DIVIDEND

At the Annual General Meeting of 17 May 2022, the Board of directors will propose a dividend of EUR 3.67 per share (up by 38% compared to the total of EUR 2.66 distributed in 2021). The ex-dividend date and the payment of the coupon would then take place on 23 May and 25 May 2022 in the event of a positive vote by the meeting.

The total amount of the proposed cash distribution amounts to EUR 4,530 million, compared to a total of EUR 3,324 million distributed in 2021.

CHANGE IN DIVIDEND (IN EUROS PER SHARE)



(*) Subject to approval at the Annual General Meeting of 17 May 2022.

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 2021, 24,359 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 toll free phone 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; 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;

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

- 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.

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 Shareholders' Combined General Meeting may be called in a single notice of meeting and held on the same date.

The Bank's last Shareholders' Combined General Meeting took place on 18 May 2021 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.

In view of the extension to the declaration of a state of health emergency by Law No. 2021-160 of 15 February 2021 and Decree No. 2020-1310 of 29 October 2020 referring notably to meetings and under the framework of Ruling No. 2020-321 of 25 March 2020 notably adapting the rules for meetings and deliberations by meetings due to the Covid-19 epidemic, Decree No. 2020-418 of 10 April 2020 adapting the functioning of certain deliberative bodies in this context and Decree No. 2021-255 of 9 March 2021 extending this provision until 31 July 2021, this 2021 session of the Shareholders' Combined General Meeting was held without the physical presence of shareholders and other persons entitled to attend.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Equities	(%)
Present	-	*0.00%*	-	*0.00%*
Appointment of proxy	-	*0.00%*	-	*0.00%*
Proxy given to Chairman	7,541	*47.36%*	16,701,197	*1.97%*
Postal votes	8,383	*52.64%*	829,930,689	*98.03%*
TOTAL	**15,924**	**100.00%**	**846,631,886**	**100.00%**
of which online	13,504	*84.80%*	518,720,918	*61.27%*
				Quorum
Number of ordinary shares (excluding treasury stock)			**1,248,553,800**	**67.80%**

Of the 13,504 shareholders who took part in our last Shareholders' Combined General Meeting online:

- 6,303 had given the Chairman a proxy;
- 7,201 had voted by post.

All resolutions proposed to the shareholders were approved.

➤ SHAREHOLDERS' COMBINED GENERAL MEETING OF 18 MAY 2021

Results	Rate of approval
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for 2020	99.97%
Second resolution: approval of the consolidated financial statements for 2020	99.95%
Third resolution: appropriation of net income for the 2020 financial year and distribution of dividends	99.89%
Fourth resolution: agreements and commitments referred to in articles L.225-38 et seq. of the French Commercial Code	99.99%
Fifth resolution: authorisation for BNP Paribas to buy back its own shares	97.73%
Sixth resolution: renewal of the term of office of Mr Pierre André de Chalendar as a director	98.12%
Seventh resolution: renewal of the term of office of Ms Rajna Gibson-Brandon as a director	99.85%
Eighth resolution: appointment of Mr Christian Noyer as a director	99.08%
The ninth resolution and resolutions A to C seek to appoint a director representing employee shareholders. As only one director seat is to be filled, only the candidate who obtains the highest number of votes of the shareholders who voted and at least the majority of those votes will be appointed.	
Ninth resolution: appointment of Ms Juliette Brisac as a director representing employee shareholders	99.88%
Resolution A not approved by the Board of directors: appointment of Ms Isabelle Coron as a director representing employee shareholders	9.38%
Resolution B not approved by the Board of directors: appointment of Ms Cécile Besse Advani as a director representing employee shareholders	9.39%
Resolution C not approved by the Board of directors: appointment of Ms Dominique Potier as a director representing employee shareholders	9.38%
Ms Juliette Brisac is therefore appointed as the director representing Employee Shareholders.	
Tenth resolution: vote on the components of the compensation policy attributable to directors	92.60%
Eleventh resolution: vote on the components of the compensation policy attributable to the Chairman of the Board of directors	88.84%
Twelfth resolution: vote on the components of the compensation policy attributable to the Chief Executive Officer and to the Chief Operating Officers	86.67%
Thirteenth resolution: vote on disclosures relating to compensation paid in 2020 or awarded in respect of the 2020 financial year to all corporate officers	99.58%
Fourteenth resolution: vote on the components of the compensation paid or granted in respect of 2020 to Mr Jean Lemierre, Chairman of the Board of directors	95.86%
Fifteenth resolution: vote on the components of the compensation paid or granted in respect of 2020 to Mr Jean-Laurent Bonnafé, Chief Executive Officer	96.51%
Sixteenth resolution: vote on the components of the compensation paid in 2020 or awarded in respect of the 2020 financial year to Mr Philippe Bordenave, Chief Operating Officer;	96.04%
Seventeenth resolution: advisory vote on the overall amount of compensation of any kind paid during 2020 to Executive Officers and certain categories of staff	99.92%
Eighteenth resolution: setting the annual amount of compensation allocated to the members of the Board of directors	99.35%
Nineteenth resolution: setting the ceiling for the variable portion of the compensation of executive officers and certain categories of staff	99.14%
EXTRAORDINARY MEETING	
Twentieth resolution: authorisation to reduce the share capital by cancelling shares	99.91%
Twenty-first resolution: powers for formalities	99.99%

The Shareholders' Combined General Meeting of 18 May 2021 decided to pay a dividend corresponding to a distribution rate of 21% of the BNP Paribas Group's consolidated income for the 2020 financial year, the maximum resulting from the recommendation of the European Central Bank of 15 December 2020 on dividend distribution policies during the Covid-19 pandemic. After the European Central Bank decided on 23 July 2021 to revoke its restriction recommendation, the Board of directors convened an Ordinary Annual General Meeting for 24 September 2021 in order to pay an additional dividend corresponding to a pay-out rate of 29% of the 2020 result, and thus achieve a distribution rate to shareholders of 50% of the 2020 result overall, in line with the Group's distribution policy.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Shares	(%)
Present	285	*2.43%*	13,137,841	*1.59%*
Appointment of proxy	2	*0.02%*	201	*0.00%*
Proxy given to Chairman	4,033	*34.35%*	2,731,644	*0.33%*
Postal votes	7,420	*63.20%*	812,410,067	*98.08%*
TOTAL	**11,740**	**100.00%**	**828,279,753**	**100.00%**
of which online	9,681	*82.46%*	512,162,168	*61.83%*
				Quorum
Number of ordinary shares (excluding treasury stock)			**1,248,570,791**	**66.34%**

Of the 9,681 shareholders who took part in this Ordinary Annual General Meeting:

- 109 had requested an admission card;
- 3,023 had given the Chairman a proxy;
- 1 had given a proxy to a third party (who must also be a shareholder);
- 6,548 had voted by post.

All resolutions proposed to the shareholders were approved.

➤ ORDINARY ANNUAL GENERAL MEETING OF 24 SEPTEMBER 2021

Results	Rate of approval
First resolution: distribution of a dividend	99.93%
Second resolution: powers for formalities	99.99%

NOTICES OF MEETING

BNP Paribas will hold its next Shareholders' Combined General Meeting on 17 May 2022[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). Staff 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 (23.3% for the AGM of 24 September 2021, compared to 14.9% for the AGM of 2019, then the last "face-to-face" meeting before the Covid-19 pandemic) 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.

[1] *Subject to change at a later date.*

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 82% of shareholders who took part in the vote in September 2021 used the platform set up, a proportion that has risen sharply compared to the nearly 74% recorded in 2019.

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(2); 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."

(b) Section 2 entitled "Corporate Governance and Internal Control" on pages 37 to 137 shall be deleted in its entirety and replaced with the following:

[1] *Except in the case of specific government measures.*

2 CORPORATE GOVERNANCE AND INTERNAL CONTROL

2.1 Corporate governance report

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 5 January 2022, the AMF's 2021 report[2] and the November 2021 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] *2021 AMF report on Corporate governance and executive compensation of listed companies (December 2021).*

2.1.1 PRESENTATION OF DIRECTORS AND CORPORATE OFFICERS

➤ MEMBERSHIP OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2021

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 appointed 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): 37,152(2)
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, director

Other offices(1) held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
TotalEnergies(*), director

Participation(1) in specialised committees of French or foreign companies
TotalEnergies, member of the Corporate governance and Ethics Committee and member of the Strategy & CSR Committee

Others(1)
Centre d'Études Prospectives et d'Informations Internationales (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)

2020:	2019:	2018:	2017:
Chairman of the Board of directors: BNP Paribas **Director:** TEB Holding AS, Total SA **Chairman:** Centre d'Études Prospectives et d'Informations Internationales (CEPII) **Vice-Chairman:** Paris Europlace **Member:** Association française des entreprises privées, 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, Total SA **Chairman:** Centre d'Études Prospectives et d'Informations Internationales (CEPII) **Vice-Chairman:** Paris Europlace **Member:** Association française des entreprises privées, 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, Total SA **Chairman:** Centre d'Études Prospectives et d'Informations Internationales (CEPII) **Vice-Chairman:** Paris Europlace **Member:** Association française des entreprises privées, 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, Total SA **Chairman:** Centre d'Études Prospectives et d'Informations Internationales (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 2021.
(2) Includes 1,326 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.

(*) 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	**<u>Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad</u>** BNP Paribas(*), Director and Chief Executive Officer **<u>Other offices(1) held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad</u>** Pierre Fabre SA, director **<u>Participation(1) in specialised committees of French or foreign companies</u>** Pierre Fabre SA, member of the Strategic Committee **<u>Others(1)</u>** 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 Bank Policy Institute, director
Number of BNP Paribas shares held(1): 107,824(2) *Business address:* 3, rue d'Antin 75002 PARIS FRANCE	
<u>Education</u> Graduate of the École Polytechnique Graduate of the École des Mines	

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)

2020:	2019:	2018:	2017:
Director and Chief Executive Officer: BNP Paribas **Chairman:** Association pour le Rayonnement de l'Opéra de Paris, Entreprise pour l'Environnement **Director:** La France s'engage, Pierre Fabre SA **Vice-Chairman of the Executive Committee:** Fédération Bancaire Française	**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

(1) At 31 December 2021.
(2) Includes 26,449 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 Valeo

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:* 100, rue de Courcelles 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(*), Chairman and Chief Executive Officer **Other offices(1) held in listed or unlisted companies outside the BNPP Group, in France or abroad** TotalEnergies(*), director **Participation(1) in specialised committees of French or foreign companies** BNP Paribas, member of the Financial Statements Committee **Other** 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)

2020:	2019:	2018:	2017:
Chairman and Chief Executive Officer: Valeo **Director:** BNP Paribas, Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais **Member:** Association française des entreprises privées	**Chairman and Chief Executive Officer:** Valeo **Director:** BNP Paribas, Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais **Member:** Association française des entreprises privées	**Chairman and Chief Executive Officer:** Valeo **Director:** BNP Paribas, Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais	**Chairman and Chief Executive Officer:** Valeo **Director:** BNP Paribas, Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais

(1) At 31 December 2021.
(*) Listed company.

Juliette BRISAC
Principal function: Chief Operating Officer of BNP Paribas Company Engagement

Date of birth: 22 May 1964 *Nationality:* French *Term start and end dates:* 18 May 2021 – 2024 AGM *Date first elected to the Board of directors:* 18 May 2021 *Number of BNP Paribas shares held*(1): 9,614(2) *Business address:* 16, rue de Hanovre 75002 PARIS FRANCE	**Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas(*), director representing employee shareholders Supervisory Board of the FCPE Actionnariat Monde of BNP Paribas, Chairwoman
Education Master's degree in Economics and DESS in Banking & Finance from the University of Paris I Panthéon Sorbonne. Graduate of the Institut français des Administrateurs Certified auditor of the Cycle des hautes études pour le développement économique (CHEDE)	

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)

N/A

(1) At 31 December 2021.

(2) Includes 3,672 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.
(*) Listed company.

Pierre-André de CHALENDAR
Principal function: Chairman of Compagnie de Saint-Gobain

Date of birth: 12 April 1958 *Nationality:* French *Term start and end dates:* 18 May 2021 – 2024 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 of the Board of directors GIE SGPM Recherches, director Saint-Gobain Corporation, director Veolia Environnement, 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 Veolia Environnement, member of the Nominations Committee **Others:** Conseil de surveillance de l'Essec, 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)

2020:	2019:	2018:	2017:
Chairman and Chief Executive Officer: Compagnie de Saint-Gobain **Chairman:** Conseil de surveillance de l'Essec **Co-Chairman:** La Fabrique de l'Industrie **Director:** BNP Paribas **Member:** Association française des entreprises privées	**Chairman and Chief Executive Officer:** Compagnie de Saint-Gobain **Chairman:** Conseil de surveillance de l'Essec **Co-Chairman:** La Fabrique de l'Industrie **Director:** BNP Paribas **Member:** Association française des entreprises privées	**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 2021.
(*) Listed company.

Monique COHEN
Principal function: Senior Advisor 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 Investments SA, 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(*), lead independent director **Participation(1) in specialised committees of French or foreign companies** BNP Paribas, Chairwoman of the Corporate Governance, Ethics, Nominations and CSR Committee and member of the Internal Control, Risk Management 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)

2020:	2019:	2018:	2017:
Chairwoman of the Board of directors: Proxima Investments SA, Fides Holdings **Vice-Chairwoman of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran **Member:** Fides Acquisitions	**Chairwoman of the Board of directors:** Proxima Investments SA, 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, 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, Fides Holdings, Fides Acquisitions **Vice-Chairwoman of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran, Apax Partners SAS

(1) At 31 December 2021.
(*) 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 degree 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, 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)

2020:	2019:	2018:	2017:
Director: BNP Paribas, Vanbreda Risk & Benefits NV, Unibreda NV, BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland	**Director:** BNP Paribas, Vanbreda Risk & Benefits NV, Unibreda NV, BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland	**Director:** BNP Paribas, Vanbreda Risk & Benefits NV, Unibreda NV, BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland	**Director:** BNP Paribas, Vanbreda Risk & Benefits NV, Unibreda NV **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland **Member:** Belgian – American Educational Foundation **Adviser to the Board of directors:** Lannoo publishing company

(1) At 31 December 2021.
(*) 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): 407(2) *Business address:* 83, La Canebière, 13001 MARSEILLE 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 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)

2020:	**2019:**	**2018:**	
Director: BNP Paribas	**Director:** BNP Paribas	**Director:** BNP Paribas	

(1) At 31 December 2021.
(2) Includes 378 BNP Paribas shares held as units in the shareholders' fund 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:* 18 May 2021 – 2024 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 (Specialisation 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 **Other** Geneva Finance Research Institute, Deputy director Geneva Institute for Wealth Management Foundation, director and Chairwoman Strategic Committee and Sustainable Finance Supervisory Committee in Geneva, 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)

2020:	**2019:**	**2018:**	
Director: BNP Paribas **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	**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 2021.
(*) 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 Graduate of the 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 Fonds de préservation de la biodiversité des plantes cultivées et de leurs apparentées, Chairwoman Haut conseil pour le Climat, 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)

2020:	2019:	2018:	2017:
Director: BNP Paribas, Veolia Environnement **Member:** Board of directors of Care – France (NGO), Board of directors of Bioversity, Board of directors of Bioversity-CIAT Alliance, Board of directors of CIAT, Board of directors of IFRI	**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-CIAT Alliance, Board of directors of CIAT, 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 CIAT, 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

(1) At 31 December 2021.
(*) Listed company.

Denis KESSLER (until 18 May 2021)
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
Institut des actuaires, 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(*), 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
Académie des sciences morales et politiques, member
Institut des actuaires, 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)

2020:	2019:	2018:	2017:
Chairman and Chief Executive Officer: SCOR SE **Director:** BNP Paribas, Invesco Ltd **Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Académie des sciences morales et politiques, Institut des actuaires	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd **Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Académie des sciences morales et politiques, Institut des actuaires	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd **Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Académie des sciences morales et politiques, Institut des actuaires	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd **Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Conference Board (Global counsellor), Académie des sciences morales et politiques, Institut des actuaires

(1) At 18 May 2021.
(*) Listed company.

Christian NOYER
Principal function: Honorary Governor of Banque de France

Date of birth: 6 October 1950 *Nationality:* French *Term start and end dates:* 18 May 2021 – 2024 AGM *Date first elected to the Board of directors:* 18 May 2021 (Mr Christian Noyer acted as non-voting director of BNP Paribas from 1 May 2019 to 17 May 2021) *Number of BNP Paribas shares held*(1): 2,000 *Business address:* 9, rue de Valois 75001 PARIS FRANCE **Education** Graduate of Ecole Nationale d'Administration Graduate of the Institut des sciences politiques Masters in Law from the University of Paris Law degree from the University of Rennes	**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** Power Corporation Canada(*), director Setl Ltd, director NSIA Banque Group: NSIA Banque Côte d'Ivoire, director NSIA Banque Bénin, director **Participation(1) in specialised committees of French or foreign companies** BNP Paribas, Chairman of the Financial Statements Committee Power Corporation Canada, member of the Governance and Nominating Committee and the Related Party and Conduct Review Committee **Others(1)** Group of Thirty (G30), member Institut pour l'Education Financière du Public (IEFP), Chairman Institut Français des Relations Internationales, 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)

2020: **Director:** Power Corporation Canada, NSIA Banque Group, Lloyd's of London, Setl Ltd	**2019:** **Director:** Power Corporation Canada, NSIA Banque Group, Lloyd's of London, Setl Ltd		

(1) At 31 December 2021.
(*) Listed company.

Daniela SCHWARZER
Principal function: Director of the Open Society Foundation for Europe and Eurasia

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:* Jägerstraße 54 10117 BERLIN GERMANY **Education** Doctorate in Economics from the Free University of Berlin Master's degree in Political Science and in Linguistics, 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 **Other** Jacques-Delors Institute, director Foundation United Europe, director Deutsche Gesellschaft für Auswärtige Politik, director Fondation Jean Monnet, director 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)

2020: **Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of the Foundation United Europe, Open Society Foundation, Advisory Committee, Federal Security Academy, Advisory Committee **Research Professor** at Johns-Hopkins University, Department of European and Eurasian Studies **Special advisor** to the Vice-President of the European Commission	**2019:** **Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of the Foundation United Europe, Open Society Foundation, Advisory Committee, Federal Security Academy, Advisory Committee **Research Professor** at Johns-Hopkins University, Department of European and Eurasian Studies	**2018:** **Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of the Foundation United Europe, Open Society Foundation, Advisory Committee **Research Professor** at Johns-Hopkins University, Department of European and Eurasian Studies	**2017:** **Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of the Foundation United Europe **Research Professor** at Johns-Hopkins University, Department of European and Eurasian Studies

(1) At 31 December 2021.
(*) 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, manager **Other offices(1) held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad** Groupe Lhoist SA, director **Foyer Group:** CapitalatWork Foyer Group SA, Chairman Foyer SA, 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 Groupe Lhoist SA, member of the Audit Committee **Others(1)** Royal Automobile Club of Belgium, director Zoute Automobile Club, 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)

2020:	2019:	2018:	2017:
Chairman: CapitalatWork Foyer Group SA **Director:** BNP Paribas, Foyer Group, Groupe Lhoist SA, Sofina SA **Manager:** Strafin sprl **Member:** Board of directors of Royal Automobile Club of Belgium, Board of directors of the Zoute Automobile Club, Board of directors of Université Catholique de Louvain	**Chairman:** CapitalatWork Foyer Group SA **Director:** BNP Paribas, Foyer Group, Groupe Lhoist SA, Sofina SA **Manager:** Strafin sprl **Member:** Board of directors of Royal Automobile Club of Belgium, Board of directors of the Zoute Automobile Club, Board of directors of Université Catholique de Louvain **Senior advisor:** Cinven Ltd	**Chairman:** CapitalatWork Foyer Group SA **Director:** BNP Paribas, Foyer Group, Groupe Lhoist SA, Sofina SA **Manager:** Strafin sprl **Member:** Board of directors of Royal Automobile Club of Belgium, Board of directors of Université Catholique de Louvain **Senior advisor:** Cinven Ltd	**Chairman:** CapitalatWork Foyer Group SA **Director:** BNP Paribas, Foyer Group, Groupe Lhoist SA, Sofina SA **Manager:** Strafin sprl **Member:** Board of directors of Royal Automobile Club of Belgium, Board of directors of Université Catholique de Louvain **Senior advisor:** Cinven Ltd

(1) At 31 December 2021.
(*) 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)
Conseil économique, social et environnemental Régional d'Ile de France, 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)

2020:	2019:	2018:	2017:
Director: BNP Paribas	**Director:** BNP Paribas	**Director:** BNP Paribas	**Director:** BNP Paribas

(1) At 31 December 2021.
(*) 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, member of the Risk Committee, member of the Nominations Committee, member of the Crisis Management Committee, member of the Sustainable Development Committee and Chairwoman of the Remuneration Committee
Others(1)
Co-founder and Partner at Leaders' Quest
Vice-Chair of the Board of the Royal College of Art and Chairwoman of the Planning and Resources 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)

2020:	2019:	2018:	2017:
Director: BNP Paribas, Prudential Plc, SCOR SE **Co-founder and Partner:** Leaders' Quest	**Director:** BNP Paribas, Prudential Plc, SCOR SE **Co-founder and Partner:** Leaders' Quest **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:** Leaders' Quest **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:** Leaders' Quest

			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 2021.
(*) 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	**2022 (AGM called to approve the 2021 financial statements)**	**2023 (AGM called to approve the 2022 financial statements)**	**2024 (AGM called to approve the 2023 financial statements)**
J. Lemierre		✓	
J.L. Bonnafé	✓		
J. Aschenbroich		✓	
J. Brisac			✓(i)
P.A. de Chalendar			✓
M. Cohen		✓	
W. De Ploey	✓		
H. Epaillard			✓(ii)
R. Gibson-Brandon			✓
M. Guillou	✓		
C. Noyer			✓
D. Schwarzer		✓	
M. Tilmant	✓		
S. Verrier			✓(iii)
F. Wicker-Miurin		✓	

(i) Director representing employee shareholders.
(ii) 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).

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

OTHER DIRECTORS AND CORPORATE OFFICERS

Yann GERARDIN
Principal function: Chief Operating Officer of BNP Paribas (from 18 May 2021)

Date of birth: 11 November 1961 *Nationality:* French *Number of BNP Paribas shares held*(1): 160,514(2) *Business address:* 3, rue d'Antin 75002 PARIS FRANCE	**<u>Offices(1) held under the principal function</u>** BNP Paribas(*), Chief Operating Officer, Head of Corporate & Institutional Banking **<u>Others</u>(1)** N.A.
<u>Education</u> Degree in Economic Science Institut d'Etudes Politiques de Paris HEC Paris	

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)

N.A.

(1) At 31 December 2021.
(2) Includes 26,914 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.
(*) Listed company.

Thierry LABORDE
Principal function: Chief Operating Officer of BNP Paribas (from 18 May 2021)

Date of birth: 17 December 1960 *Nationality:* French *Number of BNP Paribas shares held*(1): 15,923(2) *Business address:* 3, rue d'Antin 75002 PARIS FRANCE	**<u>Offices(1) held under the principal function</u>** BNP Paribas(*), Chief Operating Officer, Head of Commercial, Personal Banking & Services BNL SpA, director Arval Service Lease, director BNP Paribas Leasing Solutions, director BNP Paribas Lease Group, director BNP Paribas Personal Finance, Chairman **<u>Others</u>(1)** European Payments Initiative, director
<u>Education</u> Master's degree in Economic Science	

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)

N.A.

(1) At 31 December 2021.
(2) Includes 1,888 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.
(*) Listed company.

Philippe BORDENAVE
Principal function: Chief Operating Officer of BNP Paribas (until 18 May 2021)

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)

2020:	2019:	2018:	2017:
Chief Operating Officer: BNP Paribas **Vice-Chairman:** Fondation Grancher **Director:** Verner Investissements **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, Fondation Grancher **Non-voting director:** Exane BNP Paribas	**Chief Operating Officer:** BNP Paribas **Director:** Verner Investissements **Non-voting director:** Exane BNP Paribas

(1) At 18 May 2021.
(*) 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 of 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 entitled "Founding documents and Articles of association". Moreover, a summary of these rules and a report on the organisation and running of the Shareholders' Combined General Meeting of 18 May 2021 and Ordinary General Meeting of Shareholders of 24 September 2021 are provided in the section entitled "BNP Paribas and its shareholders" of said document.

<u>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).</u>

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 5"), 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". In addition, the "Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties", adopted by the Board of directors on 28 September 2021 in order to take into account the new regulations relating in particular to the making available to the supervisor of the documentation relating to the loans entered into between BNP Paribas and the members of its management body or their related parties, details the measures relating to conflicts of interest provided for in the Suitability policy. The proposed amendments comply with the Afep-Medef Code revised in January 2020, with the EBA Guidelines on both internal governance and 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, amended on 2 July 2021 and applicable from 31 December 2021 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. The latter as well as the addendum on anti-corruption were the subject of an update in December 2021 approved by the Board of directors.

Code of conduct (article 1.2 of the Internal Rules)

The Code of conduct is the result of BNP Paribas' Board of directors and Executive Management's shared 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 5 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 of the share capital (articles L.22-10-10 and 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.

2

The Board of directors (on 31 December 2021)

Chairman: Jean Lemierre

Missions and controls in the following areas:

- Orientations and strategic operations
- Promotion of CSR
- Governance, internal control and financial statements
- Risk management oversight
- Financial communication
- Remuneration
- Preventive recovery plan
- Monitoring the application of the Code of conduct

Financial Statements Committee (CdC)

Members

Christian Noyer (C) (i)
Jacques Aschenbroich (i)
Juliette Brisac (iii)
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 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)
Hugues 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 the implementation by the Executive Management of the Suitability policy for Key function holders provided by 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)
Hugues 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: Christian Noyer (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.
(iii) Director representing employee shareholders, member from 1 January 2022

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 corporate financial management, accounting and financial information. In consideration of his financial skills reinforced by his professional career, notably as Governor of the Banque de France, Mr Christian Noyer is Chairman of the Committee;
- 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, Risk Management 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 recorded 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 and in CSR. For example, one of its members is also a member of the *Haut conseil pour le Climat* since its creation in 2018, another is the Chairman of an international group involved in energy renovation and finally, another member manages a leading foundation that promotes democracy and the defence of Human rights;
- the Remuneration Committee is made up of independent members who have experience of remuneration systems and market practices in this area and a director elected by employees. Two members of the Remuneration Committee are also members of the Internal Control, Risk Management and Compliance Committee. This composition facilitates the Board of directors' 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 is in line with the obligations imposed on credit institutions since 2014 by the French law transposing Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

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 Composition of the Board – Independence of directors

Composition 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 18 May 2021 renewed for three years the terms of office of Ms Rajna Gibson-Brandon and Mr Pierre-André de Chalendar, appointed Ms Juliette Brisac as director representing employee shareholders and appointed Mr Christian Noyer to replace Mr Denis Kessler who did not request the renewal of his office which expired at the end of the Annual General Meeting.

At the end of the Annual General Meeting of 18 May 2021 and as of 31 December 2021:

[1] *In accordance with Articles L.22-10-3, L.22-10-5 and L.225-27-1 of the French Commercial Code.*

Independence of directors (as of 31 December 2021)

The table below shows the position of each director with regard to the independence criteria provided by the Afep-Medef Code to define an independent director:

	Criteria	Jean LEMIERRE	Jean-Laurent BONNAFE	Jacques ASCHENBROICH	Juliette BRISAC	Pierre-André de CHALENDAR	Monique COHEN	Hugues EPAILLARD	Rajna GIBSON-BRANDON	Marion GUILLOU	Christian NOYER	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	0	0	✓	0	✓	✓	0	✓	✓	✓	✓	✓	✓	0	✓
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 twelve years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	No variable remuneration for non-executive corporate officers	✓	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.	N.A.
8	Major shareholder status	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ *represents compliance with an independence criterion defined in the Afep-Medef Code.*

0 represents non-compliance with an independence criterion defined in the Afep-Medef Code.

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

  In particular, for Messrs Jacques Aschenbroich and Pierre-André de Chalendar, the Board of directors confirmed that the business relations between BNP Paribas and respectively (i) Valeo and its group, and (ii) Saint-Gobain and its 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).
- The two directors elected by the employees, Ms Sandrine Verrier and Mr Hugues Epaillard, as well as the director representing employee shareholders, Ms Juliette Brisac are not taken into account for the calculation of independence according to the criteria of the Afep-Medef Code despite their status and their method of election, which guarantee their independence.
- Two directors appointed by the shareholders – the Chairman of the Board of directors Mr Jean Lemierre, and the Chief Executive Officer Mr 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 financial matters, risk management, international digital transformation, banking regulation and compliance, particularly as regards anti-money laundering and combating the financing of terrorism (AML/CFT) and in 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; these include:

- 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(1)	Gender	Nationality	Areas of expertise	End of term of office
Jean LEMIERRE (Chairman)	71	M	French	Banking/Finance Risks/Regulation monitoring International business operations AML/CFT	2023
Jean-Laurent BONNAFÉ (Director, Chief Executive Officer)	60	M	French	Banking/Finance International business operations CSR AML/CFT	2022
Jacques ASCHENBROICH	67	M	French	Industrial International business operations Transformation CSR	2023
Juliette BRISAC	57	F	French	Employee shareholder representation	2024
Pierre-André de CHALENDAR	63	M	French	Industrial International business operations CSR	2024
Monique COHEN	65	F	French	Banking/Finance International business operations CSR AML/CFT	2023
Wouter DE PLOEY	56	M	Belgian	Banking/Finance Digital Transformation	2022
Hugues EPAILLARD (Director elected by employees)	55	M	French	Organisation representing employees	2024
Rajna GIBSON-BRANDON	59	F	Swiss	Financial markets Risks/Regulation monitoring CSR	2024
Marion GUILLOU	67	F	French	Risks/Regulation monitoring CSR Technology	2022
Christian NOYER	71	M	French	Banking/Finance International business operations Risks/Regulation monitoring AML/CFT	2024
Daniela SCHWARZER	48	F	German	Money markets Geopolitics CSR	2023
Michel TILMANT	69	M	Belgian	Banking/Finance Risks/Regulation monitoring International business operations AML/CFT	2022
Sandrine VERRIER (Director elected by employees)	42	F	French	Organisation representing employees	2024
Fields WICKER-MIURIN	63	F	British/ American	Banking/Finance Financial markets International business operations	2023

(1) 31 December 2021.

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 "Outstanding actions in the area of professional equality" and 7.7 entitled "Our employees" of this document[1].

1.c Directors' Ethical Conduct

- As far as the Board is aware, there are no potential conflicts of interests between BNP Paribas and any of the directors in respect of their duties to BNP Paribas and their private interests and/or other duties. 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 2021), the directors received training on (i) BNP Paribas Real Estate, BNP Paribas Factor and the Private Equity market, (ii) insurance risks, (iii) the challenges of finalising Basel III and (iv) sanctions and embargoes, anti-money laundering and combating the financing of terrorism and the fight against corruption and influence peddling. It was also the opportunity for directors to meet with the relevant managers in the Group.
- The new directors benefited from an individual training programme with operational managers and in particular a session dedicated to *Fit and Proper* provided by banking regulations.
- Pursuant to the provisions of the French Commercial Code on the training of the directors elected by employees and of the director representing employee shareholders 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.
- In 2021, one director elected by the employees continued her training leading to a diploma of the *Institut Technique de la Banque* for a total of 44 days, the second director elected by the employees attended two training courses dispensed by an external organisation on bank accounting and the integration of extra-financial criteria into governance for a total of 30 hours. The directors elected by the employees and the director representing employee shareholders also benefit, like any other directors, from trainings provided by BNP Paribas as described above, in addition to their training hours provided by external organisations.

[1] *This information supplement the description of the diversity policy applied to members of the Board of directors.*

1.e Directors' attendance at Board and Committee meetings in 2021

Director	Board of directors	Specialised committees	Individual attendance rates
J. LEMIERRE	100%		100%
J.L. BONNAFÉ	100%		100%
J. ASCHENBROICH	100%	71%	90%
J. BRISAC(1)	100%	-	100%
P. A. de CHALENDAR	100%	100%	100%
M. COHEN	100%	94%	97%
W. DE PLOEY	85%	100%	90%
H. EPAILLARD	100%	100%	100%
R. GIBSON-BRANDON	92%	83%	88%
M. GUILLOU	100%	100%	100%
D. KESSLER(2)	100%	100%	100%
C. NOYER(3)	100%	100%	100%
D. SCHWARZER	100%	100%	100%
M. TILMANT	100%	100%	100%
S. VERRIER	92%	100%	95%
F. WICKER-MIURIN	100%	100%	100%
Average	**98%**	**96%**	

(1) Director representing employee shareholders from the Shareholders' Annual General Meeting of 18 May 2021.
(2) The term of office of Mr Denis Kessler ended at the Shareholders' Annual General Meeting of 18 May 2021.
(3) Director as of the Shareholders' Annual General Meeting of 18 May 2021.

2. THE WORK OF THE BOARD AND COMMITTEES IN 2021

2.a The work of the Board in 2021

Meetings	Including extraordinary meetings	Average attendance rate	Strategy seminar	Executive sessions
13	3	98%	1	3

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 Group's results over the first nine months of 2021, which demonstrate the Bank's recovery compared to the 2019 financial year although some business lines are still impacted by the Covid-19 health crisis. The results demonstrate the strength of the Group's diversified and integrated model and BNP Paribas' growth potential, as certain businesses gained significant market shares during the crisis. The cost of risk is almost back to its level of 2019. The capital adequacy ratios are higher than the supervisors' requirements and make it possible to prepare the Basel III reform;
- adapted the Group's distribution policy in the context of the health crisis and:
  - proposed the payment of a cash dividend of EUR 1.11 during the Annual General Meeting of 18 May 2021, which was the maximum resulting from the ECB recommendation dated 15 December 2020,
  - proposed the payment of an additional cash dividend of EUR 1.55 during the Annual General Meeting dated 24 September 2021 following the lifting of the restrictions imposed by the ECB in order to achieve a pay-out ratio of 50% of net income for the 2020 financial year,

   - approved, as a complement, the launch of a share buyback program of EUR 900 million executed between 1 November 2021 and 8 February 2022;
- approved the management report for the 2020 financial year;
- reviewed the Group's budget for the 2022 financial year;
- acknowledged of the Bank's achievements in 2020 and the Bank's CSR policy outlook for 2021, under the aegis of the United Nations' 17 Sustainable Development Goals, in particular the Group's commitments in terms of protection of biodiversity;
- reviewed BNP Paribas' membership to the "Net Zero Banking Alliance" in April 2021 and its commitment to achieve a carbon neutral economy by 2050;
- was informed of the Bank's actions in terms of social issues, in particular the actions undertaken in favour of young people and the fight against exclusion, the promotion of respect for human rights in all of the Group's activities and the actions carried out to accelerate social impact investments;
- acknowledged the functionning and strategy of Nickel, one of the Group subsidiaries;
- continued to monitor the consolidation of Deutsche Bank's Prime Brokerage activity into Global Markets and the development of its relationships with Exane, of which BNP Paribas became the sole shareholder;
- approved the sale of Bank of the West and the terms of the sale agreement to the buyer;
- approved the acquisition of FLOA;
- approved the new partnership with Stellantis, including the acquisition by BNP Paribas Personal Finance of a 50% stake in the joint ventures held by Santander and PSA in Germany and the United Kingdom;
- approved the sale of the insurance company Cargeas to Intesa San Paolo;
- approved the disposal of a Group's stake in Allfunds;
- approved the subscription by BNP Paribas to a convertible bond issued by the Bank of Nanjing;
- approved the acquisition by BNP Paribas of a minority stake in a consumer credit joint venture in China;
- was informed of the development of the partnership between BNP Paribas Fortis and bpost bank;
- was informed of acquisitions and disposals of less than EUR 250 million made by the Bank in 2020 and in the first half of 2021;
- was informed of the preliminary results of the Supervisory Review and Evaluation Process (SREP) conducted by the ECB for the 2021 financial year;
- was informed of BNP Paribas' G-SIB score, which stands at 200 basis points as of 1 January 2023;
- reviewed the regulatory ratios of the main systemically important banks;
- monitored the implementation of the Bank's IT and information systems strategy;
- monitored changes in the shareholding structure and share price;
- reviewed the Bank's relative performance in 2021 compared with its competitors;
- acknowledged the feedback received from investors during roadshows;
- reviewed the opinion of the Central Works Council on the Bank's strategic guidelines and acknowledged the clarifications provided by the Human Resources Department;
- was informed of the results of targeted surveys of employees measuring their satisfaction at work;
- acknowledged the agreement signed with the trade unions on remote working in France;
- decided the payment of an additional incentive to employees for 2020;
- acknowledged the Human Resources policy as part of the 2022-2025 strategic plan;
- reviewed the issuance amounts of debt securities in the form of senior and subordinated debt;
- monitored the execution of the share buyback programme in the fourth quarter of 2021;
- understood the Executive Management's comments on the net margin generated on new lending in 2020 and in the first half of 2021;
- authorised the delegations of authority for the issuance of debt securities, particularly for bonds and similar securities;
- 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;
- was informed of the appointments of the heads of permanent control and periodic control within BNP Paribas SA with regard to anti-money laundering and combating the financing of terrorism and the freezing of assets in accordance with the Decree of 6 January 2021;
- reviewed and approved the answers to written questions submitted by shareholders at the Annual General Meeting of 18 May 2021.

As in previous years, SSM representatives from the ECB and representatives of the French *Autorité de contrôle prudentiel et de résolution* (ACPR) attended the Board of directors' meeting of 23 February 2021. They outlined their priorities for banking supervision for 2021, which were followed by an exchange of views with the members of the Board.

As in previous years, the Board of directors met on 16 December 2021 for a strategic seminar devoted to the challenges of the new strategic plan 2022-2025 for Commercial, Personal Banking & Services, Corporate and Institutional Banking and Investment Protection Services.

Executive sessions

In addition to the evaluation of the performance and remuneration of the executive corporate officers, which were discussed without their presence, three meetings of directors were held in the form of "executive sessions" on the Group's challenges and operations as a follow-up to the training sessions provided during the year. During these sessions, the directors had the opportunity to interact with the operational managers concerned.

Finally, the Chairman and the non-executive directors had discussions both on strategy and on the perception of interactions between the Board of directors and the Group's Executive Management.

2.b Work performed by the Financial Statements Committee and work approved by the Board of directors in 2021

Number of members	Meetings	Attendance rate
5	4	95%

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 business area;
- 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, reviewed 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;
- reviewed trends in revenues and the cost/income ratio by business for each quarter;
- reviewed the dividend distribution policy in consideration of the recommendation issued with regard to the Covid-19 crisis;
- kept track of the changes in prudential requirements and reviewed changes in risk-weighted assets;
- reviewed the provisions for litigation on a regular basis;
- reviewed goodwill;
- conducted a detailed analysis of the composition of the Group's balance sheet;
- acknowledged, each quarter, the adjustments made to the Credit Valuation Adjustment (CVA), the Debt Valuation Adjustment (DVA) and the Funding Valuation Adjustment (FVA);
- was informed of changes in the organisation of the Finance & Strategy function.

Each quarter, when reviewing the results, it:

- heard the Bank's Chief Financial Officer, his deputy and the person responsible for accounting and financial reporting;
- interviewed the Bank's Chief Financial Officer, without the presence of 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 the 2020 financial year; 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;
- reviewed and approved the results of the fourth quarter of 2020, full-year 2020 and the first three quarters of 2021;
- 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 2020.

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 three assignments relating to non-prohibited services for which the prior approval of the Committee is required.

The Committee reviewed the terms of the call for tenders for the renewal of the Statutory Auditors as proposed by Executive Management.

The Board approved the terms of the call for tenders for the renewal of the Statutory Auditors.

2.c Work performed by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee in their joint meetings, and work approved by the Board of directors in 2021

Number of members	Meetings	Attendance rate
10	3	89%

The Committees:

- acknowledged the results of the EBA stress tests carried out in the first quarter of 2021;
- reviewed the calculation methodology used by the Group to estimate the ex-ante provisions for credit risk under IFRS 9 and any provisions write-backs considering the improvement in economic conditions;
- acknowledged the Statutory Auditors' audit plan for the financial year 2021;
- 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 5);
- 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 and the strategic plan for 2022-2025;
- were informed of the progress within the Group of the programme aimed at coordinating the implementation of the new interbank rates (reform of the Eonia, Euribor and Libor rates).

The Board was informed of all the work performed by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee.

2.d Work performed by the Internal Control, Risk Management and Compliance Committee and work approved by the Board of directors in 2021

Since 19 May 2020, the Internal Control, Risk Management 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 Management 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 as well as proposals for the introduction of new relevant monitoring indicators;
- acknowledged the Internal Liquidity Adequacy Assessment Process (ILAAP) 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 2020 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 way in which the Group is strengthening its system to counter the increase in the cyber threat in a context of a general increase in the use of digital tools. The Committee reviewed the degree of maturity of each business and each region according to the standards set by the Group and the intrusion simulations carried out internally. The Committee was informed of the achievements of the year and the objectives for the following financial years;
- reviewed the dashboard presented quarterly by the Head of RISK and reviewed trends in market, counterparty, credit and operational risk as well as liquidity risk. 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;
- reviewed the renewal of risk limits for specific sectors and activities;
- monitored the Bank's outsourcing risk management framework;
- 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 Management and Compliance Committee:

- was informed at each of its meetings of the operational and commercial impacts of the health crisis;
- was informed of the risk management framework associated with the activity of Prime Brokerage;
- reviewed the risk management framework associated with the Commodities Finance portfolio;
- was informed of changes to the Group's Correspondent Banking system;
- was informed of the way in which the Bank processes and protects the personal data of its customers;
- was informed of the Bank's action plan in response to the ECB guide on climate and environmental risks;
- acknowledged the follow-up letters and the Bank's responses to the ECB's missions on (i) the permanent control framework, (ii) credit risk management and the organisation of controls within BCEF;
- reviewed the follow-up letter and the Bank's response to an ECB deep dive on residential real estate within Commercial Banks in the Domestic markets (formerly Domestic Markets).

The Internal Control, Risk Management and Compliance and Governance, Ethics, Nominations and CSR Committees held a joint meeting to review the main achievements of the Group's ESG action plan, co-sponsored by RISK and by the Company Engagement Department (ongoing introduction of ESG risk in credit committees and KYCs, creation of a dedicated platform bringing together all ESG data including external data such as a controversy management module).

The Board was informed of all the *ad-hoc* work of the committee on risks and liquidity.

Compliance, internal control, litigation and periodic control

The Internal Control, Risk Management and Compliance Committee:

- reviewed the section of the management report on internal control and submitted it for the approval of the Board;
- reviewed the 2020 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 freezing assets of the Bank in accordance with the provisions of the Decree of 21 December 2018;
- reviewed the classification of the Group's risks in terms of anti-money laundering and combating the financing of terrorism in accordance with the Decree of 6 January 2021 relating to the system and internal control on anti-money laundering and combating the financing of terrorism, the freezing of assets and ban on the provision or use of funds or economic resources;
- was informed of the MiFID II control framework and the results of the controls carried out in 2020;
- reviewed the report prepared for 2020 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 sectors 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 was informed of any requests for additional modifications made by supervisors to the recovery plan; it proposed that the Board approve the recovery plan;
- reviewed the European regulatory developments in terms of resolution and was informed 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 2020;
- 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 2021 financial year continued to be impacted by the health crisis and travel restrictions abroad;
- regularly reviewed the fines imposed on the Bank by supervisors.
- acknowledged the findings of the French Anti-Corruption Agency mission and the associated action plan;
- reviewed the corruption risk mapping within the Group for the 2020 financial year;
- was informed of the registration of BNP Paribas as a Security Based Swap dealer in the United States.

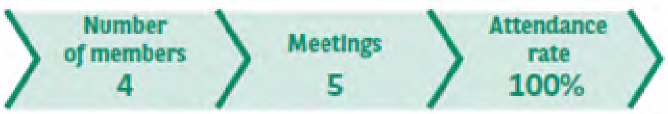
The Board:

- was informed of all the Committee's work on internal control, risks and compliance;
- approved the section of the management report on 2020 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 combating the financing of terrorism, 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 2020; 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.

The Committee interviewed the heads of the RISK, Compliance, General Inspection and LEGAL Functions, without the presence of Executive Management.

The Board heard the reports 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 2021



Changes in the membership of the Board and its specialised committees

The Corporate Governance, Ethics, Nominations and CSR Committee:

- reviewed 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 2021, namely those of Mr Pierre-André de Chalendar and Ms Rajna Gibson-Brandon;
- proposed to the Board the appointment of Mr Christian Noyer as a director after ensuring that he fulfilled the criteria defined in the Suitability policy; he succeeds Mr Denis Kessler, whose term of office expired in May 2021;
- reviewed the four candidates for the office of director representing employee shareholders and recommended to the Board the appointment of Ms Juliette Brisac considering her financial and managerial technical skills as well as her legitimacy as Chairwoman of the Supervisory Board of the FCPE, which is dominant in employee shareholding;
- reviewed the position of each of the directors and proposed to the Board to appoint:
  - Mr Christian Noyer as Chairman of the Financial Statements Committee, subject to his appointment as director at the Annual General Meeting of 18 May 2021, replacing Mr Denis Kessler,
  - Ms Juliette Brisac as an observer on the Financial Statements Committee until the end of the 2021 financial year before becoming a member as from January 2022;
- reviewed the situation of directors asked to take up corporate offices outside the Group, as provided for in the Suitability policy.

The Board:

- proposed that the Shareholders' Annual General Meeting renews the terms of office of the directors in question;
- proposed to the Shareholders' Annual General Meeting the appointment of Mr Christian Noyer as director;
- recommended that the Shareholders' Annual General Meeting vote in favour of the candidacy of Ms Juliette Brisac as director representing employee shareholders;
- appointed with immediate effect after the Shareholders' Annual General Meeting of 18 May 2021, Mr Christian Noyer as Chairman of the Financial Statements Committee and approved the appointment of Ms Juliette Brisac as a member of the Financial Statements Committee as from January 2022.

Governance

The Corporate Governance, Ethics, Nominations and CSR Committee:

- reviewed the updated pool of potential directors;
- proposed to the Board, on the proposal of the Director and Chief Executive Officer, to appoint Mr Yann Gérardin, Chief Operating Officer in charge of CIB and Mr Thierry Laborde, Chief Operating Officer in charge of CPBS at the end of the Shareholders' Annual General Meeting of 18 May 2021 after ensuring that the proposed candidates fulfilled the Fit & Proper criteria defined in the Suitability policy, in particular in terms of good repute, loyalty and availability and the presence of at least one woman and one man until the end of the selection process;
- proposed that the Board approves the obligation requested of Mr Thierry Laborde to hold a minimum of 20,000 BNP Paribas shares by the end of 2022 and of Mr Yann Gérardin to hold a minimum of 30,000 shares, throughout their terms of office;
- proposed to the Board of directors to update the procedure relating to current agreements concluded under normal market conditions and to add a reference to this procedure in the Suitability policy in order to take into consideration the new regulatory provisions requiring (i) a detailed system for identifying and managing conflicts of interest and (ii) a system for loans granted by the Bank to members of the management body and related natural and legal persons;
- reviewed the report on the current agreements entered into between BNP Paribas and the directors in accordance with the Application Procedure relating to current conventions signed under normal conditions approved in 2019 by the Board;
- reviewed how to increase the Board of directors' attention to ESG issues, notably through the organisation of training sessions on these topics. It also proposed to the Board on an experimental basis that the CGEN be opened to all directors once a year in order to address a specific ESG issue;
- acknowledged that the Group Executive Committee, under the new organisation, is now composed of one third of women;
- ascertained the suitability of key function holders with the Human Resources Department, in particular those appointed in May 2021;
- was informed of the implementation and outcome of the controls related to the Corporate Governance Policy applicable to all subsidiaries within BNP Paribas' prudential scope of consolidation;
- was informed of the content of exchanges between the Chairman of the Board of directors and investors about the Bank's governance;
- reviewed the report on Corporate governance with respect to 2020; it recommended approval by the Board of directors;
- was informed of the new responsibilities of the directors as part of the registration of BNP Paribas as a Security Based Swap dealer.

The Board:

- approved the appointment of Messrs Yann Gérardin and Thierry Laborde as Chief Operating Officers respectively in charge of CIB and CPBS, who took up their duties at the end of the 2021 Annual General Meeting of 18 May 2021;
- approved the minimum number of shares to be held by the two Chief Operating Officers as well as the compliance period associated with this obligation for Mr Thierry Laborde;
- approved the update of the procedure relating to current agreements concluded under normal market conditions, renamed "Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties" and the Suitability policy;
- concluded that all the agreements that were examined were in fact current agreements concluded under normal conditions;
- approved the proposal made by the Committee to organise an experimental CGEN dedicated to ESG once a year by inviting the other directors, while being chaired by the Chairwoman of the CGEN;
- approved the Corporate governance report for 2020.

Assessment of the Board of directors

The Committee:

- acknowledged the results of the assessment of the Board of directors conducted by an external firm, for the financial year 2020. The assessment carried out in the context of the health crisis confirmed the directors' satisfaction with the functioning of the Board and with the contribution of each of the directors as well as the commitment and effectiveness of the Chairman in leading and organising the Board's work. It noted the solidarity of the Board of directors, including with regard to Executive Management, as well as the skills 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 2020. This resulted in regular Board discussions on topics related to operational risk and ESG as well as cyber risk;
- 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 members of the Group's Executive Committee,
  - (ii) further examination of Human Resources and CSR issues;
- prepared the internal assessment of the Board of directors for the financial year 2021.

The Board approved the action plan following the 2020 assessment.

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. The committee stressed the importance of training all Group employees in matters relating to Conduct, particularly for new employees.

It reviewed the proposals for updating the Code of conduct and its appendix relating to anti-corruption, in particular the enrichment of the illustrative cases described in the Code and proposed its approval to the Board of directors.

The Board of directors:

- approved the update of the Code of conduct and its appendix on anti-corruption;
- 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 2021, the Corporate Governance, Ethics, Nominations and CSR Committee reviewed the actual attendance of each director and of the non-voting director at the Committees and Board in 2021.

Social and Environmental Responsibility

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

The Committee:

- reviewed the Group's social and environmental responsibility report and acknowledged the exceptional mobilisation of BNP Paribas for customers and society during the health crisis (with the granting of government-guaranteed loans in the Group's Retail Banking networks, commitment to civil society with an emergency donation of EUR 60 million in 2020);
- was informed of the Bank's commitments for 2021 with (i) the acceleration of the transition to a low-carbon economy and (ii) actions in favour of biodiversity.
- reviewed the Bank's statement under the UK and Australian Modern Slavery Acts ("Modern Slavery Act 2015" in the United Kingdom and "Modern Slavery Act 2018" in Australia) to ensure that the Bank's activities are free from human trafficking and slavery. This statement is included in the Group's CSR report;
- was informed of the Group's policy on diversity and inclusion, particularly in terms of professional gender equality, with the acceleration of the strategy for increasing the number of women in the Group's key populations, which is reflected in ambitious objectives by 2025. It was also informed of the Group's new roadmap in terms of multiculturalism and ethnocultural diversity with zero tolerance for racism and ethno-racial discrimination.

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 United Kingdom's "Modern Slavery Act 2015" and Australia's "Modern Slavery Act 2018".

2.f Work performed by the Remuneration Committee and work approved by the Board of directors in 2021

Number of members	Meetings	Attendance rate
4	5	100%

Two members of the Remuneration Committee are also members of the Internal Control, Risk Management 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 2020</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"):
  - reviewed the issues relating to their remuneration;
  - acknowledged the final scope of the Group's material risk takers;
  - reviewed the 2021 published report on compensation paid to the Group's material risk takers for 2020;
  - reviewed 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 2020;
  - audited the 2020 compensation of the Group's Head of RISK and Head of Compliance;
  - reviewed, without the presence of the Executive Management, the quantitative and qualitative performance criteria related to the annual variable remuneration of the corporate officers and proposed to the Board to approve their variable remuneration for 2020;
  - 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);
  - acknowledged the principles of the remuneration policy, as well as the actual compensation, allowances and benefits of all kinds granted for the 2020 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 remuneration paid in 2020 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 Group material risk takers' remuneration in respect of 2020;
  - reviewed the Bank's proposed action plan following the recommendations made by the ECB as part of one of its missions in 2020.

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

- reviewed the scope of the Group's material risk takers identified as an initial estimate in respect of 2021;
- reviewed the rules on deferred compensation and the variable compensation payment terms applicable to the Group's material risk takers in 2021;
- reviewed the initial parameters used to determine the variable remuneration package for Global Markets' employees for the 2021 performance year;
- reviewed the remuneration policy for directors and corporate officers regarding performance in respect of the 2021 financial year;
- reviewed and proposed to the Board the financial conditions for the termination of the duties of Mr Philippe Bordenave as Chief Operating Officer;
- renewed the terms and conditions of directors' remuneration in an identical manner and reviewed the distribution of directors' remuneration and the individual amount allocated to each director for the financial year 2021 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 director based on his actual attendance;
- reviewed the changes to the Group's remuneration policy, mainly reflecting the provisions relating to the European CRD 5 directive and the Regulation and Directive applicable to investment firms (IFD/IFR) and proposed that the Board of directors approve the amended policy.

In respect of the year 2022

- as part of its role of supervising the remuneration of the Group's branches in the United Kingdom following Brexit, reviewed and validated the charter of the Committee set up in the United Kingdom whose role is to ensure compliance of the remuneration policy with local regulations. It also reviewed the appendix to the Group's remuneration policy and proposed that the Board of directors approve these two documents.

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 in office until the Shareholders' Annual General Meeting of 18 May 2021, the assessment made by the committee of the quantitative and qualitative criteria related to the annual variable compensation of the executive corporate officers for the performance year 2020;
- ensured that the change in the variable compensation of executive corporate officers was appropriate;
- approved the Say on Pay files for the financial year 2020 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;
- approved the financial conditions for the termination of the duties of Mr Philippe Bordenave as Chief Operating Officer;
- heard the committee Chairman's report on the appropriateness of the compensation of the Group's Head of RISK and Head of Compliance for the 2020 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 2021 performance year;
- approved, without the presence of the Chief Executive Officer and the Chief Operating Officers, the remuneration policy for directors and corporate officers for the financial year 2021;
- approved the individual split of the remuneration allocated to the directors and that allocated to the non-voting director for the financial year 2021;
- approved the changes to the Group's remuneration policy;
- approved the charter of the Remuneration Committee in the United Kingdom as well as the appendix dedicated to the English regulation of the Group's remuneration policy from the financial year 2022.

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, those linked to money laundering and terrorist financing issues, 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") for which the revision has been published on 2 July 2021, 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 as well as money laundering and terrorism financing related risks, 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, and if, more specifically, he or she is personally involved in a money laundering or terrorism financing operation or attempt.

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 as well as money laundering and terrorism financing related risks, 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, and if, more specifically, he or she is personally involved in a money laundering or terrorism financing operation or attempt.

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, taking particular care to ensure that the concerned person is not personally involved in a money laundering or terrorism financing operation or attempt.

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 "Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties".

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

[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.

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, including money laundering and terrorism financing risks, and 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 (in particular environmental, social, money laundering and terrorism financing related risks), 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 IMPLEMENTATION PROCEDURE FOR CONFLICTS OF INTEREST IN RELATION TO LOANS AND OTHER TRANSACTIONS GRANTED TO THE MEMBERS OF THE MANAGEMENT BODY AND THEIR RELATED PARTIES

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 was further strengthened by the Board of directors in September 2021 to reiterate the legal provisions relating to related-party agreements and to take into consideration the new provisions of the banking regulations requiring the implementation of a detailed system for identifying and managing conflicts of interest and a specific loan control system for loans granted by the Bank to Members of the management body and their related natural persons and legal entities.

This procedure covers agreements concluded between BNP Paribas and the directors, the Chairman, the Chief Executive Officer and the Chief Operating Officers of BNP Paribas or natural persons closely associated with them, their holding companies and legal entities in which they have an interest (directorship or equity holding).

There are two parts to the procedure for so-called "free" agreements:

- 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 asset management companies) mentioned above:

This procedure is based on existing policies (such as the Code of conduct or the "Customer Interests Protection Policy") and also provides:

- 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 compensation policy for directors and corporate officers. The compensation policy for directors and corporate officers of BNP Paribas is presented below on pages 95 to 103.

The compensation of these same directors and corporate officers is also subject to the *ex post* vote of the Ordinary General Meeting on the information on compensation referred to in article L.22-10-9 I of the French Commercial Code (this information is set out below on pages 103 *et seq*). When the Annual General Meeting does not approve these items, the Board of directors submits an amended compensation policy, taking into account the shareholders' vote, for the approval of the next Annual General Meeting. The payment of directors' compensation for the current year is suspended until the amended compensation policy is approved. When the payment is reinstated, payments are backdated to the last Annual General Meeting.

Lastly, the compensation of each corporate officer is subject to a second *ex post* vote on the total compensation and benefits in kind paid during the previous year or awarded in respect of the same year (the information relating to this compensation is outlined in tables 1a and b, 2a and b, 3a and b, 4a and b and 5a and b on pages 104 *et seq*). The variable components of compensation 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.

COMPENSATION 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 17 MAY 2022

In this report, the Board of directors provides details of the fixed and variable components of total compensation 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 elements of the compensation policy presented below are the subject of resolutions submitted for the approval of the Shareholders' Annual General Meeting voting under the quorum and majority conditions required for Ordinary General Meetings. If the Annual General Meeting does not approve these resolutions, the previous compensation policy, already approved by the Annual General Meeting of 18 May 2021, 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 compensation policy, indicating how the shareholders' vote was taken into account and, where appropriate, the opinions stated during the Annual General Meeting.

The compensation 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 compensation 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 compensation. 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 compensation 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, by the Policy on the suitability of members of the management body and Key function holders, as well as by the Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties. Corporate officers are not present during the discussions of the Board of directors and the Remuneration Committee regarding their own compensation.

The compensation of corporate officers takes into account, in its principles, the following objectives:

- alignment with the Bank's corporate 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 compensation (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 compensation,
  - balance between the components of compensation, 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;
- compensation that is sufficiently attractive to facilitate the selection of profiles that are particularly competent in the Group's business areas.

I. DIRECTORS' COMPENSATION

In accordance with the law, the global amount of directors' compensation is set by the Shareholders' Annual General Meeting.

The individual amount of directors' compensation 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 compensation is paid for actual participation in one of these four committees. This is increased for directors participating in the CCIRC in view of the specific investment required by this committee.

At the end of the year, the Remuneration Committee examines the allocation of directors' compensation and the amount paid to each of them in respect of the year on the basis of an audit of each director's actual presence 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 compensation 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' compensation in respect of the year before its payment to the directors (subject to the provisions of article L.22-10-34 I of the French Commercial Code).

II. COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The annual fixed compensation of the Chairman, Mr Jean Lemierre, amounts to EUR 950,000 gross.

The Chairman does not receive any annual or multi-annual variable compensation. The absence of variable compensation 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 compensation policy, the Board of directors will set the amount of their fixed compensation in line with the new Chairman's profile and experience.

III. COMPENSATION OF EXECUTIVE MANAGEMENT

Compensation 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.

Compensation takes into account the cap on total variable compensation in relation to fixed compensation (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 said article, the Shareholders' Annual General Meeting of BNP Paribas of 18 May 2021 decided that this cap would be set at twice the amount of the fixed compensation.

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 compensation inasmuch as the payment is made in the form of instruments deferred for at least five years, in accordance with article L.511-79 of the French Monetary and Financial Code.

1. Fixed compensation

The annual fixed compensation of the Chief Executive Officer, Mr Jean-Laurent Bonnafé, amounts to EUR 1,843,000, gross, i.e. an increase of 18% compared to 2021, effective 1 January 2022.

The last increase in the Chief Executive Officer's annual fixed compensation was on 25 February 2016, effective 1 January 2016, when the Board of directors rearranged the components of the executive corporate officers' compensation to comply with new European Banking Authority rules, the sum of the fixed compensation and the target annual variable compensation having remained unchanged since 2012.

The Board of directors noted the solid performance of the Bank since the appointment of the Chief Executive Officer. In ten years, the Bank has established itself as one of the leading institutions in the euro zone in terms of activity and results.

To decide on the increase of 18% of the Chief Executive Officer's annual fixed compensation, the Board of directors took into account the increase in the average fixed compensation of BNP Paribas (SA) employees in France, which is 18.5%(1) over the 2016-2021 period and 26.7%[1] over the 2012-2021 period based on data presented in the social balance sheets.

The Board also reviewed the compensation of the Chief Executive Officers of 9 comparable European banks. The compensation of the Chief Executive Officer of BNP Paribas after the proposed revaluation would remain significantly lower than the average of the situations observed.

The annual fixed compensation of the Chief Operating Officer in charge of the CIB scope, Mr Yann Gérardin, amounts to EUR 1,500,000 gross.

The annual fixed compensation of the Chief Operating Officer in charge of the CPBS (formerly Retail Banking) scope, Mr Thierry Laborde, amounts to EUR 900,000 gross.

Should a new Chief Executive Officer or a new Chief Operating Officer be appointed, the Board of directors will, on the proposal of the Remuneration Committee and under this compensation policy, set their fixed compensation in line with their profile and experience. Annual and multi-annual variable compensation components will be set in line with the principles appearing in this compensation policy.

2. Annual variable compensation

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 compensation of members of the Executive Management is determined from a target compensation equal to 100% of their annual fixed compensation for the Chief Executive Officer and the Chief Operating Officers.

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 compensation 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 compensation and enables the corresponding portion of the compensation 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 compensation 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 compensation);
  - achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation).
- 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 the target variable compensation);
  - achievement of the Group's budgeted gross operating income (18.75% of the target variable compensation);

[1] *These changes were measured by incorporating the change in average fixed compensation between 2016 and 2020 and between 2012 and 2020, then by adding for 2021 the average annual change observed over each of the two periods considered.*

- 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);
- percentage of 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 15% of the target variable compensation is linked to the Group's CSR performance.

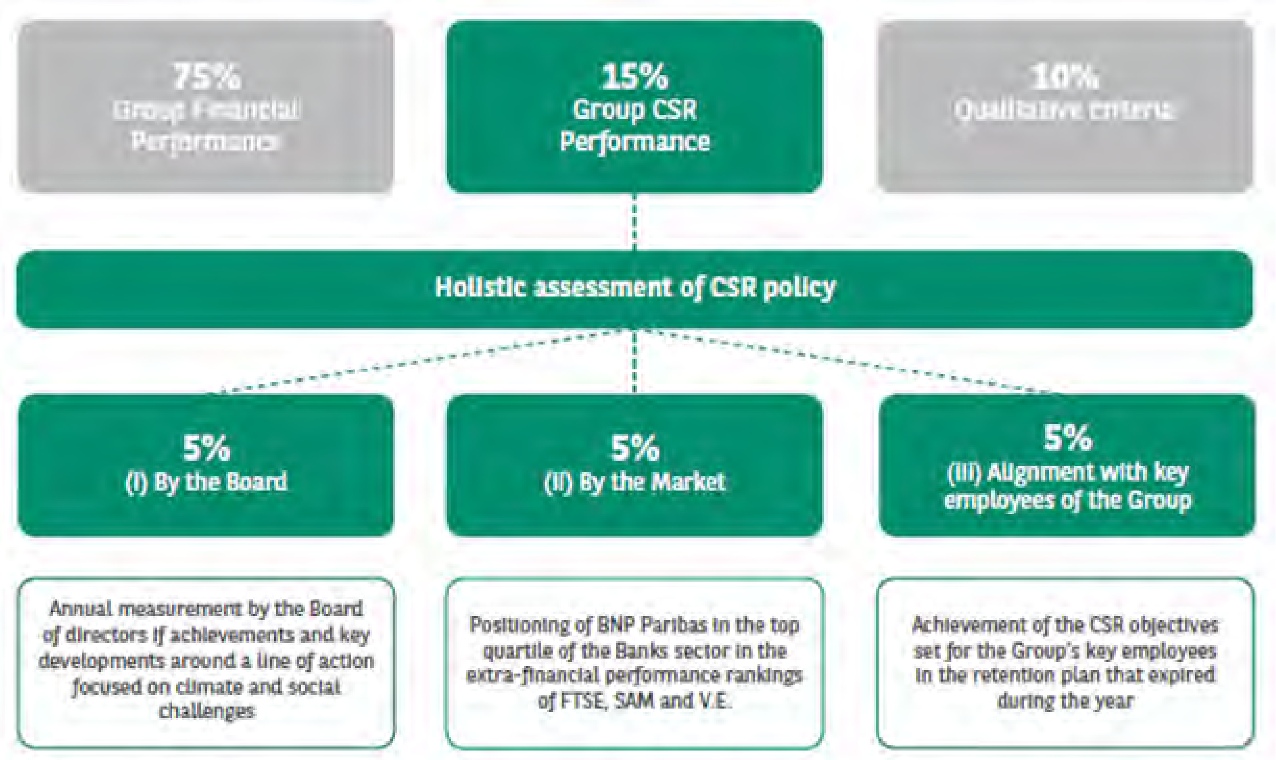
The allocation of this portion of the annual variable compensation is based on multi-criteria measurement based on a holistic approach of actions undertaken by the BNP Paribas Group with respect to social, societal and environmental issues.

With this in mind, this compensation structure includes three weighted criteria, each at 5%:

(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 compensation due to retention plans granted to the Group's key employees.



Qualitative criteria

The portion of the variable compensation linked to the Board of directors' qualitative assessment is 10% of the target variable compensation.

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 as part of the 2025 strategic plan.

This assessment will be made in light of the economic situation and with regard to the Group's operational and integrated model.

➤ SUMMARY OF THE CRITERIA FOR SETTING THE ANNUAL VARIABLE COMPENSATION APPLICABLE TO THE CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICERS

	% of fixed compensation		
Criteria applicable	**Chief Executive Officer**	**Chief Operating Officers**	**Type**
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	15.00%	15.00%	Multicriteria assessment of the actions taken by BNP Paribas Group with respect to social, societal and environmental issues
Qualitative criteria	10.00%	10.00%	Assessment with regard to implementation of the Bank's strategic guidelines, particularly the human, organisational and technical dimensions of *the 2025 Growth, Technology & Sustainability* 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 compensation 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 compensation exceeding respectively 48.75% of the fixed compensation 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 compensation greater than, respectively, 15% and 10% of the fixed compensation;
- the amount of the 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 compensation of BNP Paribas Group's executive corporate officers, in accordance with the provisions of the French Monetary and Financial Code and the European Banking Authority's Guidelines on compensation policy, are:

- 60% of annual variable compensation is deferred over five years, at the rate of one-fifth per year;
- regarding the non-deferred portion of the variable compensation:
  - 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 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 compensation is awarded;
- the deferred portion of the variable compensation will be paid annually in fifths over five years, the first payment being paid only at the end of a deferred period of one year from the award date of the variable compensation. 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 over five years (LTIP)

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 long-term incentive plan (LTIP) over five years.

The LTIP, which amounts to the target annual variable compensation 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.

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 price 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 BNP Paribas 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%

[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.

The amount determined by applying each of the conditions over the plan's five-year period is the compensation 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 compensation awarded, including amounts awarded under the LTIP, may not be more than twice the fixed compensation, in accordance with the decision 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 compensation 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 initial 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 COMPENSATION

No extraordinary compensation 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

Directors and corporate officers do not benefit from any stock option or share purchase subscription plans.

VII. PERFORMANCE SHARES

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 compensation 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. Protection insurance

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, Mr 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 compensation (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 and dependent children may be granted loans.

These loans, representing normal transactions, are granted on an arm’s length basis, in accordance with the Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties.

COMPONENTS OF COMPENSATION PAID IN 2021 OR ALLOCATED IN RESPECT OF THE SAME YEAR SUBMITTED TO THE EX POST VOTE OF SHAREHOLDERS DURING THE ANNUAL GENERAL MEETING OF 17 MAY 2022 IN ACCORDANCE WITH ARTICLE L.22-10-34 OF THE FRENCH COMMERCIAL CODE

The total compensation of directors and corporate officers, as described below, complies with the compensation policy adopted at the Annual General Meeting of 18 May 2021 and the specific conditions applicable to the compensation of Mr Philippe Bordenave in the context of the end of his term of office, validated by the Board of directors at its meeting of 29 April 2021.

➤ DIRECTORS' COMPENSATION *(amounts in euros)*

Directors	Amounts paid in 2020 in respect of the year (as a reminder)	Amounts paid in 2021 in respect of the year
ASCHENBROICH Jacques	76,919	77,981
BONNAFÉ Jean-Laurent	58,447	64,432
BRISAC Juliette	N/A	37,029
De CHALENDAR Pierre-André	102,135	109,294
COHEN Monique	120,607	122,842
DE PLOEY Wouter	88,647	78,382
EPAILLARD Hugues(1)	103,308	110,498
GIBSON-Brandon Rajna	97,737	87,114
GUILLOU Marion	90,114	94,239
KESSLER Denis	97,444	44,564
LEMIERRE Jean	58,447	64,432
NOYER Christian	N/A	56,901
SCHWARZER Daniela	86,009	83,099
TILMANT Michel	128,231	129,466
VERRIER Sandrine(1)	76,919	80,389
WICKER-MIURIN Fields	115,036	121,337
TOTAL	**1,300,000**	**1,362,000**

(1) Amount paid to the corresponding trade union organisation.

For information, the rules for allocating directors' compensation 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(2)	€4,600/meeting(3)
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 portion is calculated pro rata temporis of the term of directorship during the year in question.
(2) Or EUR 3,000 per meeting if participation is via videoconference or telecommunication means.
(3) Or EUR 4,400 per meeting if participation is via videoconference or telecommunication means.

Directors elected by the employees and the director representing the employee shareholders receive compensation under their employment contract.

Compensation and benefits of the corporate officers

➤ TABLE NO. 1: COMPENSATION PAID DURING 2021 OR AWARDED FOR THE SAME YEAR TO MR JEAN LEMIERRE, CHAIRMAN OF THE BOARD OF DIRECTORS, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(amounts in euros)*

➤ ***a. Components of compensation awarded in respect of 2021 to Mr Jean LEMIERRE, Chairman of the Board of directors***

	Amounts	Comments
Fixed compensation	950,000 *(paid)*	The compensation paid to Mr Jean LEMIERRE is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. His fixed compensation has not changed since December 2014.
Annual variable compensation	Nil	Mr Jean LEMIERRE is not entitled to multi-annual variable compensation. The absence of variable compensation reflects the independence of the Chairman with respect to the Executive Management.
Multi-annual variable compensation	Nil	Mr Jean LEMIERRE is not entitled to multi-annual variable compensation. The absence of variable compensation reflects the independence of the Chairman with respect to the Executive Management.
Compensation linked to the term of directorship	64,432 (paid)	Mr Jean LEMIERRE does not receive any compensation in respect of directorships that he holds in the Group’s companies other than BNP Paribas (SA).
Extraordinary compensation	Nil	
Stock options awarded during the period	Nil	
Performance shares awarded during the year	Nil	
Benefits in kind	5,163	Mr Jean LEMIERRE has a company car and a mobile phone.
TOTAL	**1,019,595**	

➤ ***b. The components of compensation paid to Mr Jean LEMIERRE, Chairman of the Board of directors during 2021 in respect of previous financial years (having been subject to a shareholders’ vote at the time of their award)***

	Amounts	Comments
Nil		

➤ ***c. All types of commitments undertaken corresponding to compensation components, indemnities 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 Mr Jean LEMIERRE, Chairman of the Board of directors***

	Amounts	Comments
Sign-on bonuses and severance payments	Nil	Mr Jean LEMIERRE receives no sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	Nil	Mr Jean LEMIERRE does not benefit from any supplemental defined-benefit pension plans.

Top-up pension plan defined-contribution	1,769	Mr 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 2021 was EUR 1,769.
Welfare benefit and healthcare plans	4,011	Mr 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: COMPENSATION PAID DURING 2021 OR AWARDED FOR THE SAME FINANCIAL YEAR TO MR JEAN-LAURENT BONNAFÉ, CHIEF EXECUTIVE OFFICER, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(amounts in euros)*

➤ *a. Components of compensation paid in respect of 2021 to Mr Jean-Laurent BONNAFÉ, Chief Executive Officer*

	Amounts	**Comments**
Fixed compensation	1,562,000 *(paid)*	The compensation paid to Mr 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 compensation is dated 25 February 2016 effective as of 1 January 2016 when the Board of directors revised the components of compensation of the executive corporate officers to comply with the new EBA rules, the sum of the fixed compensation and target annual variable compensation remained unchanged.
Annual variable compensation(1)	1,796,769	The variable compensation of Mr 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 compensation corresponding to 100% of fixed compensation 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 the target variable compensation); ▪ achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation). CSR criteria also apply for 10% of the target variable compensation, corresponding to the multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues. The qualitative criteria represent 15% of the target variable compensation. After taking into account both quantitative, CSR and qualitative criteria, the Board of directors set the annual variable compensation of Mr Jean-Laurent BONNAFÉ for 2021 at EUR 1,796,769, i.e. 115.03% of the target annual variable compensation; ▪ half of the non-deferred portion of the variable compensation will be paid in May 2022, and half in March 2023, indexed to the performance of the BNP Paribas share; ▪ the deferred portion of the variable compensation will be paid in fifths as of 2023. 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 2021 will be made in March 2028; ▪ the annual payment of the deferred variable compensation 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 compensation and variable compensation, as required under the French Commercial Code, was 115.03%.
Conditional long-term compensation programme (fully deferred for a period of five years)	680,720	The fair value of the LTIP awarded to Mr Jean-Laurent BONNAFÉ on 7 February 2022 with respect to 2021 amounted to EUR 680,720. 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.
Compensation linked to the term of directorship	64,432	Mr Jean-Laurent BONNAFÉ receives compensation for his term of directorship at BNP Paribas (SA).
Extraordinary compensation	Nil	

Stock options awarded during the period	Nil	
Performance shares awarded during the year	Nil	
Benefits in kind	6,481	Mr 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 1,433 per beneficiary for 2021.
TOTAL	**4,110,402**	

(1) Payment subject to the approval of the Annual General Meeting of 17 May 2022 pursuant to article L.22-10-34 II of the French Commercial Code.

➤ *b. Components of compensation paid to Mr Jean-Laurent BONNAFÉ, Chief Executive Officer, during 2021 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 2021
Annual variable compensation		**1,220,036**
Including partial payment of the annual variable compensation in respect of 2020	*18 May 2021 15th resolution*	*295,843*
Including partial payment of the annual variable compensation in respect of 2019	*19 May 2020 16th resolution*	*405,996*
Including partial payment of the annual variable compensation in respect of 2018	*23 May 2019 14th resolution*	*180,750*
Including partial payment of the annual variable compensation in respect of 2017	*24 May 2018 15th resolution*	*161,107*
Including partial payment of the annual variable compensation in respect of 2016	*23 May 2017 14th resolution*	*176,340*
Multi-annual variable compensation	*26 May 2016 11th resolution*	**0**

➤ *c. All types of commitments corresponding to components of compensation, indemnities 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 Mr Jean-Laurent BONNAFÉ, Chief Executive Officer*

	Amounts	Comments
Sign-on bonuses and severance payments	Nil	
Non-compete indemnity	Nil	Under the non-compete clause signed on 25 February 2016, and subject to the conditions detailed below, Mr Jean-Laurent BONNAFÉ would receive compensation equal to 1.2 times the sum of his fixed and variable compensation (excluding multi-annual variable compensation) 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, Mr 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	Nil	Mr Jean-Laurent BONNAFÉ does not benefit from any supplemental defined-benefit pension plans.
Top-up pension plan defined-contribution	1,769	Mr 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 Mr Jean-Laurent BONNAFÉ was, in 2021, EUR 1,769.
Welfare benefit and healthcare plans	4,011	Mr 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 COMPENSATION PAID DURING 2021 OR AWARDED FOR THE SAME FINANCIAL YEAR TO MR PHILIPPE BORDENAVE, CHIEF OPERATING OFFICER UNTIL 18 MAY 2021, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(amounts in euros)*

➤ *a. Components of the compensation awarded in respect of 2021 to Mr Philippe BORDENAVE, Chief Operating Officer until 18 May 2021*

	Amounts	Comments
Fixed compensation due with respect to the year	381,720 *(paid)*	The compensation of Mr Philippe BORDENAVE is determined according to the terms proposed by the Remuneration Committee to the Board of directors and paid in proportion to his capacity as Chief Operating Officer until 18 May 2021. The most recent increase in fixed compensation is dated 25 February 2016 effective as of 1 January 2016 when the Board of directors revised the components of compensation of the executive corporate officers to comply with the new EBA rules, the sum of the fixed compensation and target annual variable compensation remained unchanged.
Annual variable compensation awarded in respect of the year(1)	439,093	The variable compensation of Mr 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 compensation corresponding to 100% of fixed compensation 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 the target variable compensation); ▪ achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation); CSR criteria also apply for 10% of the target variable compensation, corresponding to the multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues. The qualitative criteria represent 15% of the target variable compensation. After taking into account the quantitative, CSR and qualitative criteria, and the evolution of the Group's results, the Board of directors set the variable compensation of Mr Philippe BORDENAVE for his capacity as Chief Operating Officer until 18 May 2021 to EUR 439,093, i.e. 115.03% of the target annual variable compensation; ▪ half of the non-deferred portion of the variable compensation will be paid in May 2022, and half in March 2023, indexed to the performance of the BNP Paribas share; ▪ the deferred portion of the variable compensation will be paid in fifths as of 2023. 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 2021 will be made in March 2028; ▪ the annual payment of the deferred variable compensation 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 compensation and variable compensation, as required under the French Commercial Code, was 115.03%.
Conditional long-term compensation programme (fully deferred for a period of five years)	Nil	In accordance with the financial conditions approved by the Board of directors at its meeting of 29 April 2021, no LTIP for 2021 is allocated to Mr Philippe BORDENAVE.
Compensation linked to the term of directorship	Nil	Mr Philippe BORDENAVE does not hold a directorship in Group companies.
Extraordinary compensation	Nil	
Stock options awarded during the period	Nil	
Performance shares awarded during the year	Nil	
Benefits in kind	952	Mr Philippe BORDENAVE has a company car and a mobile phone.
TOTAL	**821,765**	

(1) Payment subject to the approval of the Annual General Meeting of 17 May 2022 pursuant to article L.22-10-34 II of the French Commercial Code.

➤ *b. Components of the compensation paid to Mr Philippe BORDENAVE, Chief Operating Officer until 18 May 2021, during the same period in respect of previous financial years (subject to a shareholder vote at the time of their allocation)*

In euros	**Date submitted to the AGM and resolution number**	**Amounts paid in 2021**
Annual variable compensation		**781,041**
Including partial payment of the annual variable compensation in respect of 2020	*18 May 2021* *16th resolution*	*189,400*
Including partial payment of the annual variable compensation in respect of 2019	*19 May 2020* *(17th resolution)*	*259,947*
Including partial payment of the annual variable compensation in respect of 2018	*23 May 2019* *15th resolution*	*115,711*
Including partial payment of the annual variable compensation in respect of 2017	*24 May 2018* *16th resolution*	*103,106*
Including partial payment of the annual variable compensation in respect of 2016	*23 May 2017* *15th resolution*	*112,877*
Multi-annual variable compensation	*26 May 2016* *12th resolution*	**0**

➤ ***c. Commitments of any kind corresponding to elements of compensation, indemnities or benefits due or likely to be due in respect of the assumption, termination or change of functions or after the exercise thereof taken for the benefit of Mr Philippe BORDENAVE, Chief Operating Officer until 18 May 2021***

	Amounts	Comments
Sign-on bonuses and severance payments	Nil	Mr Philippe BORDENAVE receives no sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	Nil	Mr Philippe BORDENAVE benefits from no supplemental defined-benefit pension plans.
Top-up pension plan defined-contribution	675	The directors and 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 2021 to Mr Philippe Bordenave was EUR 675.
Welfare benefit and healthcare plans	1,531	Mr 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).

➤ TABLE 4: COMPONENTS OF COMPENSATION PAID DURING OR AWARDED IN RESPECT OF 2021 TO MR YANN GÉRARDIN, CHIEF OPERATING OFFICER FROM 18 MAY 2021, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(amounts in euros)*

➤ *a. Components of the compensation awarded in respect of 2021 to Mr Yann GÉRARDIN, Chief Operating Officer from 18 May 2021*

	Amounts	Comments
Fixed compensation due with respect to the year	927,419 *(paid)*	The annual fixed compensation of Mr Yann GÉRARDIN amounts to EUR 1,500,000 gross. For 2021, the compensation of Mr Yann GÉRARDIN is determined according to the terms proposed by the Remuneration Committee to the Board of directors and paid in proportion to his capacity as Chief Operating Officer from 18 May 2021.
Annual variable compensation awarded in respect of the year(1)	1,093,334	The variable compensation of Mr Yann GÉRARDIN changes according to criteria representative of the Group's results as well as the results of the CIB division and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 100% of fixed compensation for the year. The quantitative criteria apply to the following achievements: ▪ ratio of net earnings per share for the year to net earnings per share for the previous year (18.75% of the target variable compensation); ▪ achievement of the Group's budgeted gross operating income (18.75% of the target variable compensation); ▪ ratio of net income before tax for the CIB scope for the year compared to the previous year (18.75% of the target variable compensation); ▪ percentage of achievement of the CIB scope's gross operating income budget (18.75% of the target variable compensation). CSR criteria also apply for 10% of the target variable compensation, corresponding to the multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues. The qualitative criteria represent 15% of the target variable compensation. After taking into account the quantitative and qualitative criteria, and the evolution of the Group's results and of the CIB scope, the Board of directors set the variable compensation of Mr Yann GÉRARDIN for his position as Chief Operating Officer from 18 May 2021 to EUR 1,093,334, i.e. 117.89% of the target annual variable compensation; ▪ half of the non-deferred portion of the variable compensation will be paid in May 2022, and half in March 2023, indexed to the performance of the BNP Paribas share; ▪ the deferred portion of the variable compensation will be paid in fifths as of 2023. 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 2021 will be made in March 2028; ▪ the annual payment of the deferred variable compensation 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 compensation and variable compensation, as required under the French Commercial Code, was 117.89%.
Conditional long-term compensation programme (fully deferred for a period of five years)	404,169	The fair value of the LTIP granted on 7 February 2022 and attached to his position as Chief Operating Officer from 18 May 2021 is EUR 404,169 for Mr Yann GÉRARDIN. 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.
Compensation linked to the term of directorship	Nil	Mr Yann GÉRARDIN does not hold a directorship in Group companies.
Extraordinary compensation	Nil	
Stock options awarded during the period	Nil	
Performance shares awarded during the year	Nil	
Benefits in kind	1,433	This amount corresponds to 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 1,433 per beneficiary for 2021.
TOTAL	**2,426,355**	

(1) Payment subject to the approval of the Annual General Meeting of 17 May 2022 pursuant to article L.22-10-34 II of the French Commercial Code.

➤ ***b. Components of compensation paid to Mr Yann GÉRARDIN, Chief Operating Officer from 18 May 2021, during the same period in respect of previous financial years (subject to a shareholder vote at the time of their allocation)***

	Amounts	Comments
Nil		

➤ ***c. Commitments of any kind corresponding to elements of compensation, indemnities or benefits due or likely to be due in respect of the assumption, termination or change of functions or after the exercise thereof taken for the benefit of Mr Yann GÉRARDIN, Chief Operating Officer from 18 May 2021***

	Amounts	Comments
Sign-on bonuses and severance payments	Nil	Mr Yann GÉRARDIN receives no sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	Nil	Mr Yann GÉRARDIN does not benefit from any supplemental defined-benefit pension plan.
Top-up pension plan defined-contribution	1,094	The directors and 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). In 2021, the amount of contributions paid by the Company on behalf of Mr Yann GÉRARDIN was EUR 1,094.
Welfare benefit and healthcare plans	2,480	Mr Yann GÉRARDIN 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).

➤ TABLE 5: COMPENSATION PAID OR AWARDED IN RESPECT OF 2021 TO MR THIERRY LABORDE, CHIEF OPERATING OFFICER FROM 18 MAY 2021, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(amounts in euros)*

➤ *a. Components of the compensation awarded in respect of 2021 to Mr Thierry LABORDE, Chief Operating Officer from 18 May 2021*

	Amounts	Comments
Fixed compensation due with respect to the year	556,452 *(paid)*	The annual fixed compensation of Mr Thierry LABORDE amounts to EUR 900,000 gross. For 2021, the compensation of Mr Thierry LABORDE is determined according to the terms proposed by the Remuneration Committee to the Board of directors and paid in proportion to his capacity as Chief Operating Officer from 18 May 2021.
Annual variable compensation awarded in respect of the year(1)	632,463	The variable compensation of Mr Thierry LABORDE changes according to criteria representative of the Group's results as well as the results of the CPBS business line (formerly Retail Banking) and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 100% of fixed compensation for the year. The quantitative criteria apply to the following achievements: ▪ ratio of net earnings per share for the year to net earnings per share for the previous year (18.75% of the target variable compensation); ▪ achievement of the Group's budgeted gross operating income (18.75% of the target variable compensation); ▪ ratio of net income before tax of the CPBS scope for the year compared to the previous year (18.75% of the target variable compensation); ▪ percentage of achievement of the CPBS scope's gross operating income budget (18.75% of the target variable compensation). CSR criteria also apply for 10% of the target variable compensation, corresponding to the multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues. The qualitative criteria represent 15% of the target variable compensation. After taking into account the quantitative, CSR and qualitative criteria, and the evolution of the Group's results and of the CPBS scope, the Board of directors set the variable compensation of Mr Thierry LABORDE for his position as Chief Operating Officer from 18 May 2021 to EUR 632,463, i.e. 113.66% of the target annual variable compensation; ▪ half of the non-deferred portion of the variable compensation will be paid in May 2022, and half in March 2023, indexed to the performance of the BNP Paribas share; ▪ the deferred portion of the variable compensation will be paid in fifths as of 2023. 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 2021 will be made in March 2028; ▪ the annual payment of the deferred variable compensation 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 compensation and variable compensation, as required under the French Commercial Code, was 113.66%.
Conditional long-term compensation programme (fully deferred for a period of five years)	242,502	The fair value of the LTIP granted on 7 February 2022 and attached to his position as Chief Operating Officer from 18 May 2021 is EUR 242,502 for Mr Thierry LABORDE. 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.
Compensation linked to the term of directorship	Nil	Mr Thierry LABORDE does not receive any compensation for the directorships he holds in the Group's companies.
Extraordinary compensation	Nil	
Stock options awarded during the period	Nil	
Performance shares awarded during the year	Nil	
Benefits in kind	4,588	Mr Thierry LABORDE has a company car. 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 1,433 per beneficiary for 2021.
TOTAL	**1,436,005**	

(1) Payment subject to the approval of the Annual General Meeting of 17 May 2022 pursuant to article L.22-10-34 II of the French Commercial Code.

➤ ***b. Components of the compensation paid to Mr Thierry LABORDE, Chief Operating Officer from 18 May 2021, during 2021 in respect of previous financial years (subject to a shareholder vote at the time of their allocation).***

	Amounts	Comments
Nil		

➤ ***c. Commitments of any kind corresponding to elements of compensation, indemnities or benefits due or likely to be due in respect of the assumption, termination or change of functions or after the exercise thereof taken for the benefit of Thierry LABORDE, Chief Operating Officer from 18 May 2021***

	Amounts	Comments
Sign-on bonuses and severance payments	Nil	Mr Thierry LABORDE does not receive any sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	Nil	Mr Thierry LABORDE does not benefit from any supplemental defined-benefit pension plan.
Top-up pension plan defined-contribution	1,094	The directors and 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). In 2021, the amount of contributions paid by the Company on behalf of Mr Thierry Laborde was EUR 1,094.
Welfare benefit and healthcare plans	2,480	Mr Thierry LABORDE benefits from the disability, invalidity and death and healthcare insurance plans offered to BNP Paribas (SA) employees. He also benefits from death and disability insurance covering all employees of BNP Paribas (SA).

Details relating to the annual variable compensation of executive corporate officers

Assessment of the achievement of the targets set for 2021

At its meeting of 7 February 2022, the Board of directors assessed the achievement of the objectives set in accordance with the compensation policy.

Group performance criteria

Concerning the criterion linked to the change in net earnings per share for the year compared to the previous financial year, its measurement for the Chief Executive Officer Mr Jean-Laurent Bonnafé and the Chief Operating Officer, Mr Philippe Bordenave, as a percentage of the target variable compensation, amounts to 48.75% for 2021 (24.38% for the Chief Operating Officers, Mr Yann Gérardin and Mr Thierry Laborde) after application of the 130% cap.

Concerning the criterion related to the achievement of the gross operating income budget, its measurement for the Chief Executive Officer Mr Jean-Laurent Bonnafé and the Chief Operating Officer, Mr Philippe Bordenave, as a percentage of the target variable compensation, amounts to 41.28% for 2021 (20.64% for the Chief Operating Officers, Mr Yann Gérardin and Mr Thierry Laborde).

In addition, for the Chief Operating Officers, Mr Yann Gérardin and Mr Thierry Laborde:

- Concerning the criterion related to the change in net income before tax for the year compared to the previous year, relating to the scope under their responsibility, its measurement, as a percentage of the target variable compensation, is 24.38% for the CIB and CPBS scopes (application of the cap of 130% for both scopes).
- Concerning the criterion related to the achievement of the gross operating income budget for the scope under their responsibility, its measurement, as a percentage of the target variable compensation, is 23.49% for the CIB scope and 19.26% for the CPBS scope.

	2020	2021	Variation	Application to 37.5% of fixed compensation
Chief Executive Officer – Mr Jean Laurent BONNAFÉ and Chief Operating Officer – Mr Philippe BORDENAVE				

Net earnings per share	5.31	7.26	36.72%	48.75%
Gross operating income	2021 budget*: EUR 13,740 million	Achieved: EUR 15,124 million	10.07%	41.28%

	2020	2021	Variation	Application to 18.75% of fixed compensation
Chief Operating Officers – Mr Yann GÉRARDIN and Mr Thierry LABORDE				
Group				
Net earnings per share	5.31	7.26	36.72%	24.38%
Gross operating income	2021 budget*: EUR 13,740 million	Achieved: EUR 15,124 million	10.07%	20.64%
Scope of responsibility – CIB				
Net income before tax	3,309	4,615	39.47%	24.38%
Gross operating income	2021 budget*: EUR 3,776 million	Achieved: EUR 4,730 million	25.26%	23.49%
Scope of responsibility – CPBS (formerly Retail Banking)				
Net income before tax	4,589	6,403	39.53%	24.38%
Gross operating income	2021 budget*: EUR 8,421 million	Achieved: EUR 8,649 million	2.71%	19.26%

(*) These data are calculated using the average exchange rate for 2021.

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 compensation 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 2021 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.

- On the economic side, as a major player in sustainable finance:
  - extension of the ESG analysis of counterparties thanks to a new risk assessment tool. In this context, all of the Group's major corporate customers will have been subject to an analysis on five focuses ((i) climate, (ii) pollution and biodiversity, (iii) human rights – workers and (iv) human rights – Local communities and consumers, (v) governance and business ethics) by 2023;
  - allocation of EUR 450 million in investments on his own behalf promoting the environmental transition, natural capital, local development and social impact;
  - the Bank's commitments to achieve a carbon neutral economy by 2050: BNP Paribas is a founding member of the Net Zero Banking Alliance, Cardif joined the Net Zero Asset Owner Alliance and BNP Paribas Asset Management joined the Net Zero Asset Manager Initiative;
  - commitment to reduce the Group's credit exposure to oil and gas exploration and production activities by 12% between 2020 and 2025.
- On the social and civic aspects, to promote a more inclusive society:
  - reinforced prevention measures to protect the health of employees, including vaccination campaigns in France;
  - efficiency of the "About me" digital HR platform recognised by the Digital HR Awards (in partnership with Deloitte): 98% of employees have access to it and more than 2 million skills are declared;

  - continued Group support for MicroFinance Institutions for which an amount of approximately EUR 400 million in the form of financing and investments was allocated in 2021 in the context of the pandemic;
  - EUR 53.5 million in donations were made as part of the Group's Solidarity Patronage (in particular to populations affected by the floods in Europe) and renewal for three years of the Group's integration programme for refugees in Europe (donations of up to EUR 1.5 million in 2021 paid to 27 associations in 10 countries);
  - increase in the number of accounts opened at Nickel (more than 2.4 million accounts at the end of 2021) allowing access to means of payment for fragile customers.
- On the environmental aspect, in support of the energy and environmental transition:
  - creation of the Low-Carbon Transition Group, composed of 250 professionals dedicated to financing the energy transition of the Bank's customers;
  - the Group's position as the 2nd largest global player in terms of green bonds and 1st for the issue of euro-denominated sustainable bonds according to Dealogic;
  - publication of a public position on the preservation of biodiversity and definition of a target of EUR 4 billion in funding contributing to the protection of biodiversity;
  - strengthening of the policy to combat deforestation in the Amazon, which defines new restrictive criteria for granting funding to its soybean and beef-producing customers;
  - launch of a EUR 150 million fund by BNP Paribas and Solar Impulse to support innovative start-ups with high potential for the environmental transition.

(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 V.E., 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 target measure set in the retention plan for the Group's key employees were also met.

Consequently, the multi-criteria measure, as a percentage of the target variable compensation, amounts to 10.00% for 2021 for the Chief Executive Officer and the Chief Operating Officer

	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 compensation in terms of the application of the criteria provided for in the compensation policy.

For 2021, the Board of directors determined that Mr Jean-Laurent Bonnafé had principally achieved the following:

- operating results in 2021 up compared to 2020 and 2019, demonstrating the Bank's recovery in the context of the Covid-19 health crisis and continued support for the economy, with market share gains acquired in 2020 for certain business lines confirmed. The Group generated a positive scissor effect and prepared for the impacts of the Basel III reform by increasing its CET1 ratio;
- a decisive role in the management of the Bank with (i) the elaboration of the 2022-2025 strategic plan, (ii) the signature of an agreement to sell Bank of the West with BMO Group and (iii) acquisitions intended to strengthen the Group's business model (additional acquisition of 50% of Exane bringing its stake to 100%, acquisition of FLOA, development of the partnership between bpost bank and BNP Paribas Fortis);
- strengthening of the Bank's CSR strategy in terms of (i) the fight against global warming, in particular through financing related to the energy transition and (ii) diversity by helping to accelerate the proportion of women in technology and IT (events organised in 2021 by the Women & Girls in Tech movement);
- the signing of a remote working agreement in France involving BNP Paribas (SA) and 20 subsidiaries, *i.e.* 90% of the Group's workforce in France;
- changes in the governance of the management team (appointment of new Chief Operating Officers and Deputy Chief Executive Officers, renewal and appointment of a number of women on the Group's Executive Committee) and additional commitments to promote women under the new 2025 strategic plan.

For Mr Philippe Bordenave, in line with the assessments made for Mr Jean-Laurent Bonnafé, for the first five months of 2021 as Chief Operating Officer:

- operating results in 2021 up compared to 2019 with his involvement in cost control and in the management of the Bank's balance sheet and liquidity, ensuring a robust capital structure;
- his involvement in the development of the 2025 strategic plan and the integration of Exane and Deutsche Bank's Prime Brokerage activities according to the terms initially agreed;
- his action to improve the Group's information systems and their resilience in order to protect the Bank from cyberattacks and his monitoring of the implementation of the Group's CSR policy commitments;
- his involvement in the reviews carried out by the Single Supervisory Mechanism teams;
- his commitment to ensure the transition with his successors.

For Mr Yann Gérardin, in line with the assessments made for Mr Jean-Laurent Bonnafé and for the seven months of 2021 following his appointment as Chief Operating Officer in charge of CIB:

- the results of the CIB division in 2021, up sharply compared to 2019 (2020 being an exceptional year in terms of business volumes) with the progression of BNP Paribas in the investment bank rankings reflecting its market share gains;
- his role in the elaboration of the 2025 strategic plan for CIB, in the acquisition of the 50% that BNP Paribas did not hold in Exane and in its consolidation as well as in the consolidation of Deutsche Bank's Prime Brokerage activities;
- his commitment to strengthening the adoption of the Code of conduct by the market activities;
- his involvement in the implementation of BNP Paribas' integrated model;
- his action to continue to make CIB a leader in terms of CSR.

And for Mr Thierry Laborde, in line with the assessments made for Mr Jean-Laurent Bonnafé and for the seven months of 2021 following his appointment as Chief Operating Officer in charge of CPBS:

- the results of the CPBS division in 2021, up compared to 2020 with in particular a good performance of the domestic commercial banking networks (formerly Domestic Markets), their net income before tax returning to the level of 2019, in a context of low interest rates and strong growth in the specialised business lines as well as good control of the cost of risk in all CPBS business lines, particularly in Personal Finance;
- his role in the elaboration of the 2025 strategic plan for CPBS, in the promotion of cross-functional initiatives within its business lines and his mobilisation to improve customer satisfaction through the acceleration of digitisation;
- his involvement in the development of BNP Paribas Fortis ' partnership with bpost bank, in the acquisition of FLOA and in the negotiation of BNP Paribas Personal Finance's partnership with Stellantis;
- his strong involvement in strategic projects such as the European Payment Initiatives;
- his commitment to continue integrating the ESG dimension into CPBS's business lines.

Summary

After taking into account all the criteria used to set annual variable compensation, and the evolution of the Group's operating results, the Board of directors, on the proposal of the Remuneration Committee, set the variable compensation awarded in respect of 2021 at:

- EUR 1,796,769 for Mr Jean-Laurent Bonnafé (representing 115.03% of his target variable compensation);
- EUR 439,093 for Mr Philippe Bordenave in respect of his presence as Chief Operating Officer from 1 January 2021 to 18 May 2021 (representing 115.03% of his target variable compensation);
- EUR 1,093,334 for Mr Yann Gérardin in respect of his presence as Chief Operating Officer from 18 May 2021 (representing 117.89% of his target variable compensation);
- EUR 632,463 for Mr Thierry Laborde in respect of his presence as Chief Operating Officer from 18 May 2021 (representing 113.66% of his target variable compensation).

The result in respect of each criterion is set out in the following table:

		Qualitative criteria							
		EPS(2)	GOI(3)	NIBT(4)	GOI(5)	CSR performance criteria	Qualitative criteria	Variable with respect to 2021	Reminder of target variable compensation
		Group	Group	Business	Business				
Jean-Laurent Bonnafé	Weighting(1)	37.50%	37.50%			10.00%	15.00%		
	Measurement(1)	48.75%	41.28%			10.00%	15.00%	1,796,769	1,562,000
	Weighting(1)	37.50%	37.50%			10.00%	15.00%		,

Philippe Bordenave	Measurement(1)	48.75%	41.28%			10.00%	15.00%	439,093	381,720
Yann Gérardin	Weighting(1)	18.75%	18.75%	18.75%	18.75%	10.00%	15.00%		
	Measurement(1)	24.38%	20.64%	24.38%	23.49%	10.00%	15.00%	1,093,334	927,419
Thierry Laborde	Weighting(1)	18.75%	18.75%	18.75%	18.75%	10.00%	15.00%		
	Measurement(1)	24.38%	20.64%	24.38%	19.26%	10.00%	15.00%	632,463	556,452

(1) As a percentage of target variable compensation.
(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).
(4) Change in net income before tax (NIBT). Yann Gérardin: CIB scope/Thierry Laborde: CPBS scope (formerly Retail Banking).
(5) Achievement of target Gross Operating Income (GOI). Yann Gérardin: CIB scope/Thierry Laborde: CPBS scope (formerly Retail Banking).

Terms and conditions of payment

a) The payment terms for variable compensation of BNP Paribas Group executive corporate officers in respect of 2021, in accordance with the provisions of the French Monetary and Financial Code and the EBA's 2 July 2021 Guidelines on compensation policy are:

- 60% of variable compensation is deferred over five years, at the rate of one-fifth per year;
- half of the non-deferred portion of the variable compensation is paid in May 2022, 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 2023, indexed to the performance of the BNP Paribas share since the award;
- the deferred portion of the variable compensation will be paid in fifths starting in 2023. 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 2021 will therefore be made in March 2028.

b) In addition, the annual payment of the deferred variable compensation 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 2021; accordingly, deferred compensation payable in 2022 in respect of previous plans will be paid.

Details relating to the conditional long-term incentive plan covering a five-year period (LTIP)

LTIP amounts awarded in 2022

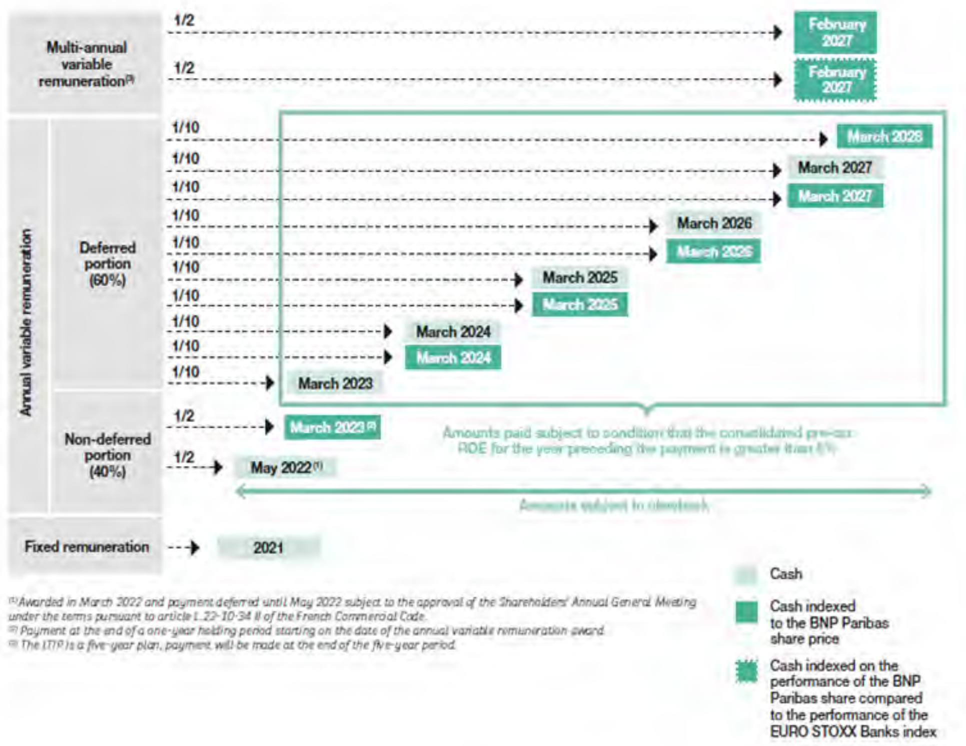
In accordance with the compensation policy and on the proposal of the Remuneration Committee, the Board of directors set the LTIP amounts to be awarded in 2022.

The amount awarded under the LTIP is equal to the target annual variable compensation for 2021.

LTIP awarded on 7 February 2022 *(in euros)*	**Amount awarded(*)**	**Fair value of the amount awarded(**)**
Jean-Laurent Bonnafé	1,562,000	680,720
Philippe Bordenave	Nil	Nil
Yann Gérardin	927,419	404,169
Thierry Laborde	556,452	242,502

(*) See explanations above.
(**) Fair value in accordance with IFRS of the amount awarded. The calculation is carried out by an independent expert.

➤ STRUCTURE OF THE PAYMENT OF THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS IN RESPECT OF 2021 AFTER TAKING INTO ACCOUNT THE EBA GUIDELINES



Relative proportion of fixed and variable compensation of corporate officers

The cap on total variable compensation 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 compensation 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 compensation amounts awarded in the form of instruments deferred for five years (discount of 45.05% in accordance with European Banking Authority guidelines on the application of the notional discount rate for variable compensation, published on 27 March 2014), the ratio between total variable compensation and fixed compensation was 1.91 for the Chief Executive Officer Mr Jean-Laurent Bonnafé, 1.12, 1.93 and 1.90 respectively for Messrs Philippe Bordenave, Yann Gérardin and Thierry Laborde as Chief Operating Officers for 2021.

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 compensation policy defined above.

Compensation paid or granted by a company included in the consolidation scope

No compensation 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.

Compensation multiples and changes

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code and the Afep guidelines on compensation multiples updated in February 2021, the level of compensation of the Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers, with respect to the average compensation and the median compensation based on full-time equivalent employees of BNP Paribas (SA), as well as changes in this compensation, 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. Compensation due or awarded to employees includes the fixed portion and the variable portion of compensation, commercial bonuses, retention plans, profit-sharing and incentive bonuses, as well as benefits in kind.

The compensation due or awarded to corporate officers equals the fixed compensation, variable compensation, the fair value of the long-term compensation plan, directors' compensation, as well as benefits in kind and information already presented in chapter 2 of this document for 2020 and 2021.

All this compensation, due or awarded, is presented on a gross basis, excluding employer contributions.

The table below shows the compensation multiples and changes for each corporate officer.

					Year
	2017	**2018**	**2019**	**2020**	**2021**
Performance of the Company					
Net pre-tax income (in millions of euros)	*11,310*	*10,208*	*11,394*	*9,822*	*13,637*
Change between N/N-1	*1%*	*-10%*	*12%*	*-14%*	*39%*
Operating income (in millions of euros)	*10,310*	*9,169*	*10,057*	*8,364*	*12,199*
Change between N/N-1	*-4%*	*-11%*	*10%*	*-17%*	*46%*
Net earnings per share (in euros)	*6.05*	*5.73*	*6.21*	*5.31*	*7.26*
Change between N/N-1	*1%*	*-5%*	*8%*	*-14%*	*37%*
Compensation of employees *(in thousands of euros)*					
Average compensation	*83*	*82*	*86*	*88*	*93*
Change between N/N-1		*-2%*	*5%*	*2%*	*6%*
Median compensation	*54*	*54*	*56*	*57*	*59*
Change between N/N-1		*1%*	*3%*	*2%*	*3%*
Chairman of the Board of directors					
Compensation of the Chairman of the Board of directors (in thousands of euros)	*1,016*	*1,017*	*1,014*	*1,013*	*1,020*
Change between N/N-1		*0%*	*0%*	*0%*	*1%*
Average compensation of employees ratio	*12*	*12*	*12*	*12*	*11*
Change between N/N-1		*2%*	*-5%*	*-2%*	*-5%*
Median compensation of employees ratio	*19*	*19*	*18*	*18*	*17*
Change between N/N-1		*-1%*	*-3%*	*-2%*	*-2%*
Chief Executive Officer					
Compensation of the Chief Executive Officer (in thousands of euros)	*3,686*	*3,381*	*3,858*	*3,756*	*4,110*
Change between N/N-1		*-8%*	*14%*	*-3%*	*9%*
Average compensation of employees ratio	*44*	*41*	*45*	*43*	*44*
Change between N/N-1		*-6%*	*9%*	*-5%*	*3%*
Median compensation of employees ratio	*68*	*62*	*69*	*66*	*69*
Change between N/N-1		*-9%*	*11%*	*-5%*	*6%*
Chief Operating Officer					
Philippe Bordenave (from 1 January 2021 to 18 May 2021)(*)					
Compensation of the Chief Operating Officer (in thousands of euros)	*2,320*	*2,126*	*2,431*	*2,367*	*2,153*
Change between N/N-1		*-8%*	*14%*	*-3%*	*-9%*
Average compensation of employees ratio	*28*	*26*	*28*	*27*	*23*
Change between N/N-1		*-7%*	*9%*	*-5%*	*-14%*

					Year
	2017	**2018**	**2019**	**2020**	**2021**
Median compensation of employees ratio	*43*	*39*	*43*	*42*	*36*
Change between N/N-1		*-9%*	*11%*	*-4%*	*-12%*

	Year				
	2017	2018	2019	2020	2021
Yann Gérardin (from 18 May 2021)(**)					
Compensation of the Chief Operating Officer (in thousands of euros)					*3,924*
Change between N/N-1					
Average compensation of employees ratio					*42*
Change between N/N-1					
Median compensation of employees ratio					*66*
Change between N/N-1					
Thierry Laborde (from 18 May 2021)(**)					
Compensation of the Chief Operating Officer (in thousands of euros)					*2,323*
Change between N/N-1					
Average compensation of employees ratio					*25*
Change between N/N-1					
Median compensation of employees ratio					*39*
Change between N/N-1					

(*) The term of office of Mr Philippe Bordenave expired on 18 May 2021. The amount deferred corresponds to his compensation for his term of office as Chief Operating Officer in 2021, annualised for comparability purposes.

(**) The terms of office of Mr Yann Gérardin and Mr Thierry Laborde as Chief Operating Officers began on 18 May 2021. Their compensation for 2021 has been annualised for comparability purposes.

Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code

The provisions of the second paragraph of article L.225-45 of the French Commercial Code do not need to be applied in 2021.

OTHER INFORMATION ON THE COMPENSATION OF CORPORATE OFFICERS PAID OR AWARDED IN RESPECT OF 2021, NOT SUBMITTED TO THE SHAREHOLDERS' VOTE

The components below, relating to the compensation of corporate officers, reiterate some information already presented in this chapter.

➤ TOTAL COMPENSATION AWARDED IN RESPECT OF 2021 AND COMPARISON WITH 2020

	Jean-Laurent BONNAFÉ		Philippe BORDENAVE		Yann GÉRARDIN		Thierry LABORDE	
In euros	**2020**	**2021**	**2020**	**2021**	**2020(**)**	**2021**	**2020(**)**	**2021**
Fixed compensation amount	1,562,000	1,562,000	1,000,000	381,720	Nil	927,419	Nil	556,452
Annual variable compensation awarded	1,479,214	1,796,769	947,000	439,093	Nil	1,093,334	Nil	632,463
Sub-total	**3,041,214**	**3,358,769**	**1,947,000**	**820,813**	**Nil**	**2,020,753**	**Nil**	**1,188,915**
LTIP amount (fair value)(*)	649,636	680,720	415,900	0	Nil	404,169	Nil	242,502
TOTAL	**3,690,850**	**4,039,489**	**2,362,900**	**820,813**	**NIL**	**2,424,922**	**NIL**	**1,431,417**

(*) This is an estimated value at the award date. The final amount will be known at the date of payment.

(**) Mr Yann Gérardin and Mr Thierry Laborde took over as Chief Operating Officers with effect from 18 May 2021.

Share ownership

The Board of directors has decided that the minimum number of shares that Messrs Jean Lemierre, Jean-Laurent Bonnafé, Yann Gérardin and Thierry Laborde shall be required to hold for the duration of their terms of office shall be 10,000, 80,000, 30,000 and 20,000 shares respectively. The four 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. The Board granted a compliance period to Mr Thierry Laborde enabling him to carry out the necessary transactions by 31 December 2022. Lastly, Mr Philippe Bordenave has held a minimum of 30,000 shares during the course of his duties as Chief Operating Officer. As a reminder, his duties ended on 18 May 2021.

Quantitative information on the compensation of corporate officers

The table below shows the gross compensation awarded in respect of the year, including compensation linked to a term of directorship and benefits in kind, for each corporate officer.

➤ SUMMARY TABLE OF THE COMPENSATION AWARDED TO EACH CORPORATE OFFICER

		2020	2021
In euros		**Total awarded**	**Total awarded**
Jean LEMIERRE Chairman of the Board of directors	Fixed compensation	950,000	950,000
	Annual variable compensation	Nil	Nil
	Multi-annual variable compensation	Nil	Nil
	Value of stock options granted during the year	Nil	Nil
	Value of performance shares awarded during the year	Nil	Nil
	Sub-total	**950,000**	**950,000**
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	58,447	64,432
	Benefits in kind(1)	4,491	5,163
	TOTAL	**1,012,938**	**1,019,595**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed compensation	1,562,000	1,562,000
	Annual variable compensation	1,479,214	1,796,769
	Multi-annual variable compensation(2)	649,636	680,720
	Value of stock options granted during the year	Nil	Nil
	Value of performance shares awarded during the year	Nil	Nil
	Sub-total	**3,690,850**	**4,039,489**
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	58,447	64,432
	Benefits in kind(1)	6,507	6,481
	TOTAL	**3,755,804**	**4,110,402**

		2020	2021
In euros		**Total awarded**	**Total awarded**
Philippe BORDENAVE Chief Operating Officer from 1 January to 18 May 2021	Fixed compensation	1,000,000	381,720
	Annual variable compensation	947,000	439,093
	Multi-annual variable compensation(2)	415,900	0
	Value of stock options granted during the year	Nil	Nil
	Value of performance shares awarded during the year	Nil	Nil
	Sub-total	**2,362,900**	**820,813**
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	Nil
	Benefits in kind(1)	3,953	952
	TOTAL	**2,366,853**	**821,765**
Yann GÉRARDIN Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	927,419
	Annual variable compensation	Nil	1,093,334
	Multi-annual variable compensation(2)	Nil	404,169
	Value of stock options granted during the year	Nil	Nil
	Value of performance shares awarded during the year	Nil	Nil
	Sub-total	**Nil**	**2,424,922**
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	Nil
	Benefits in kind(1)	Nil	1,433
	TOTAL	**NIL**	**2,426,355**
Thierry LABORDE Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	556,452
	Annual variable compensation	Nil	632,463
	Multi-annual variable compensation(2)	Nil	242,502
	Value of stock options granted during the year	Nil	Nil
	Value of performance shares awarded during the year	Nil	Nil
	Sub-total	**Nil**	**1,431,417**
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	Nil
	Benefits in kind(1)	Nil	4,588
	TOTAL	**NIL**	**1,436,005**

(1) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers, if applicable, have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers 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 compensation paid in 2021, including compensation linked to directorships and benefits in kind, for each corporate officer.

➤ SUMMARY TABLE OF COMPENSATION PAID AS CORPORATE OFFICER

		2020	2021
In euros		**Amounts paid**	**Amounts paid**
Jean LEMIERRE Chairman of the Board of directors	Fixed compensation	950,000	950,000
	Annual variable compensation	Nil	Nil
	Multi-annual variable compensation	Nil	Nil
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	58,447	64,432
	Benefits in kind(1)	4,491	5,163
	TOTAL	**1,012,938**	**1,019,595**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed compensation	1,562,000	1,562,000
	Annual variable compensation	1,151,790	1,220,036
	of which annual variable compensation in respect of 2020	*Nil*	*295,843*
	of which annual variable compensation in respect of 2019	*322,303*	*405,996*
	of which annual variable compensation in respect of 2018	*461,750*	*180,750*
	of which annual variable compensation in respect of 2017	*175,118*	*161,107*
	of which annual variable compensation in respect of 2016	*192,619*	*176,340*
	Multi-annual variable compensation	0(2)	0(2)
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	58,447	64,432
	Benefits in kind(1)	6,507	6,481
	TOTAL	**2,778,744**	**2,852,949**
Philippe BORDENAVE Chief Operating Officer from 1 January to 18 May 2021	Fixed compensation	1,000,000	381,720
	Annual variable compensation	737,294	781,041
	of which annual variable compensation in respect of 2020	*Nil*	*189,400*
	of which annual variable compensation in respect of 2019	*206,340*	*259,947*
	of which annual variable compensation in respect of 2018	*295,591*	*115,711*
	of which annual variable compensation in respect of 2017	*112,068*	*103,106*
	of which annual variable compensation in respect of 2016	*123,295*	*112,877*
	Multi-annual variable compensation	0(2)	0(2)
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	0	0
	Benefits in kind(1)	3,953	952

		2020	2021
In euros		**Amounts paid**	**Amounts paid**
	TOTAL	**1,741,247**	**1,163,713**

		2020	2021
In euros		**Amounts paid**	**Amounts paid**
Yann GÉRARDIN Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	927,419
	Annual variable compensation	Nil	0
	of which annual variable compensation in respect of 2020	*Nil*	*0*
	of which annual variable compensation in respect of 2019	*Nil*	*0*
	of which annual variable compensation in respect of 2018	*Nil*	*0*
	of which annual variable compensation in respect of 2017	*Nil*	*0*
	of which annual variable compensation in respect of 2016	*Nil*	*0*
	Multi-annual variable compensation	Nil	0
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	0
	Benefits in kind(1)	Nil	1,433
	TOTAL	**NIL**	**928,852**
Thierry LABORDE Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	556,452
	Annual variable compensation	Nil	0
	of which annual variable compensation in respect of 2020	*Nil*	*0*
	of which annual variable compensation in respect of 2019	*Nil*	*0*
	of which annual variable compensation in respect of 2018	*Nil*	*0*
	of which annual variable compensation in respect of 2017	*Nil*	*0*
	of which annual variable compensation in respect of 2016	*Nil*	*0*
	Multi-annual variable compensation	Nil	0
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	0
	Benefits in kind(1)	Nil	4,588
	TOTAL	**NIL**	**561,040**

The average tax and social contribution rate on this compensation was 37% in 2021 (38% in 2020).

(1) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers, if applicable, have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(2) The LTIP granted in 2015 and 2016 did not give rise to any payment in 2020 and 2021 due to the failure to achieve the performance condition linked to the change in value of the BNP Paribas share. 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 for the LTIP in 2015 and 2016, while the minimum performance of the BNP Paribas share during the reference period of 5%, required to trigger the payment, has not been achieved.

➤ SUMMARY TABLE OF COMPENSATION PAID DURING THEIR TERMS OF OFFICE, IN RESPECT OF THEIR PREVIOUS ACTIVITIES AS EMPLOYEES OF THE GROUP

		2020	2021
In euros		**Amounts paid**	**Amounts paid**
Yann GÉRARDIN Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	Nil
	Annual variable compensation(1)	Nil	1,075,361
	of which annual variable compensation in respect of 2020	*Nil*	*515,073*
	of which annual variable compensation in respect of 2019	*Nil*	*117,424*
	of which annual variable compensation in respect of 2018	*Nil*	*163,401*
	of which annual variable compensation in respect of 2017	*Nil*	*136,241*
	of which annual variable compensation in respect of 2016	*Nil*	*143,222*
	Multi-annual variable compensation	Nil	Nil
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	Nil
	Benefits in kind	Nil	Nil
	TOTAL	**NIL**	**1,075,361**
Thierry LABORDE Chief Operating Officer from 18 May 2021	Fixed compensation	Nil	Nil
	Annual variable compensation(1)	Nil	285,518
	of which annual variable compensation in respect of 2020	*Nil*	*221,214*
	of which annual variable compensation in respect of 2019	*Nil*	*23,398*
	of which annual variable compensation in respect of 2018	*Nil*	*23,016*
	of which annual variable compensation in respect of 2017	*Nil*	*9,981*
	of which annual variable compensation in respect of 2016	*Nil*	*7,909*
	Multi-annual variable compensation	Nil	Nil
	Extraordinary compensation	Nil	Nil
	Compensation linked to the term of directorship	Nil	Nil
	Benefits in kind	Nil	Nil
	TOTAL	**NIL**	**285,518**

(1) The amounts shown here correspond to the deferred variable compensation awarded in respect of the previous salaried activities of the corporate officers, prior to their term of office.
The average tax and social contribution rate on this compensation was 37% in 2021.

➤ 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 2021

Award date of the plan		**06/02/2017**		**05/02/2018**		**05/02/2019**		**04/02/2020**		**04/02/2021**	**07/02/2022**
Maturity date of the plan		06/02/2022		05/02/2023		05/02/2024		04/02/2025		04/02/2026	
Valuation(1)	At the award date of the plan	To 31/12/2021	At the award date of the plan	To 31/12/2021	At the award date of the plan	To 31/12/2021	At the award date of the plan	To 31/12/2021	At the award date of the plan	To 31/12/2021	At the award date of the plan
Jean LEMIERRE	-	-	-	-	-	-	-	-	-	-	-
Jean-Laurent BONNAFÉ	775,767	1,405,644	479,065	842,699	282,644	1,108,708	617,927	1,191,962	649,636	1,168,688	680,720
Philippe BORDENAVE	496,650	899,900	306,700	539,500	180,950	709,800	395,600	763,100	415,900	748,200	-
Yann GÉRARDIN	-	-	-	-	-	-	-	-	-	-	404,169
Thierry LABORDE	-	-	-	-	-	-	-	-	-	-	242,502
TOTAL	**1,272,417**	**2,305,544**	**785,765**	**1,382,199**	**463,594**	**1,818,508**	**1,013,527**	**1,955,062**	**1,065,536**	**1,916,888**	**1,327,391**

(1) Valuation according to the method adopted for the consolidated financial statements.

➤ 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	04/02/2021	07/02/2022
Opening price of BNP Paribas share	€42.03	€65.00
Opening level of the EURO STOXX Banks index	€74.41	€110.61
Zero-coupon rate	Euribor	Euribor
Volatility of the BNP Paribas share	21.25%	24.82%
Volatility of the EURO STOXX Banks index	24.11%	23.48%
Correlation between the BNP Paribas share and the EURO STOXX Banks index	92.13%	93.95%
Financial model used	Monte-Carlo	Monte-Carlo
Fair value of the plan at award date(*)	**41.59%**	**43.58%**

(*) As a percentage of the amount awarded.

	Initial value of the share at the award date	**Fair value at date of award(2)**	**Valuation at closing date 31/12/2020**	**Valuation at closing date 31/12/2021**
Closing price of BNP Paribas share			€43.11	€60.77
Closing level of the EURO STOXX Banks index			€73.77	€100.44
Zero-coupon rate			Euribor	Euribor
Volatility of the BNP Paribas share			22.00%	24.61%
Volatility of the EURO STOXX Banks index			24.12%	24.21%
Correlation between the BNP Paribas share and the EURO STOXX Banks index			92.05%	94.38%
Financial model used			Monte-Carlo	Monte-Carlo
Fair value of the plan awarded on 6 February 2017	**€48,35(1)**	**49,67%**	**52.40%**	**89.99%**
Fair value of the plan awarded on 5 February 2018	**€63,99(1)**	**30,67%**	**36.90%**	**53.95%**
Fair value of the plan awarded on 5 February 2019	**€53,03(1)**	**18,10%**	**42.29%**	**70.98%**
Fair value of the plan awarded on 4 February 2020	**€45,27(1)**	**39,56%**	**44.33%**	**76.31%**
Fair value of the plan awarded on 4 February 2021	**€36,83(1)**	**41.59%**		**74.82%**

(1) 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.

(2) 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 in 2021	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Mr Jean LEMIERRE Chairman of the Board of directors		✓(1)	✓(2)			✓		✓
Mr Jean-Laurent BONNAFÉ Chief Executive Officer		✓(3)	✓(2)			✓	✓(4)	
Mr Philippe BORDENAVE Chief Operating Officer (until 18 May 2021)	✓(5)		✓(2)			✓		✓
Mr Yann GÉRARDIN Chief Operating Officer (from 18 May 2021)	✓(5)		✓(2)			✓		✓
Mr Thierry LABORDE Chief Operating Officer (from 18 May 2021)	✓(5)		✓(2)			✓		✓

(1) Waiver of employment contract with effect from 1 December 2014 in accordance with Afep-Medef Code.
(2) Messrs Jean Lemierre, Jean-Laurent Bonnafé, Philippe Bordenave, Yann Gérardin and Thierry Laborde benefit exclusively from the 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.

SUMMARY OF TRANSACTIONS REPORTED ON BNP PARIBAS STOCK

The following table lists the transactions in BNP Paribas stock carried out in 2021 by the directors and corporate officers covered by articles 223-22 A to 223-26 of the General Regulation of the AMF and which must be disclosed pursuant to the AMF regulations.

Full name **Function**	**Transactions carried out**	**Type of financial instrument**	**Nature of the transaction**	**Number of transactions**	**Amount of transactions** *(in euros)*
BONNAFÉ Jean-Laurent **Chief Executive Officer**	On a personal basis	BNP Paribas Equities	Purchase	1	68,815
BONNAFÉ Jean-Laurent **Chief Executive Officer**	On a personal basis	BNP Paribas Equities	Subscription under a life insurance policy	2	154,156
LABORDE Thierry **Chief Operating Officer**	On a personal basis	BNP Paribas Equities	Purchase	4	55,199
GÉRARDIN Yann **Chief Operating Officer**	On a personal basis	BNP Paribas Equities	Purchase	1	70,025
NOYER Christian **Director**	On a personal basis	BNP Paribas Equities	Purchase	1	51,670
LEMIERRE Jean **Chairman**	On a personal basis	BNP Paribas Equities	Purchase	1	3,451

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 2021.

No instruments were transferred or exercised in 2021, 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

As at 31 December 2021, the total outstanding loans granted directly or indirectly to corporate officers and their spouses and dependent children amounted to EUR 6,392,969 (EUR 15,233,737 as at 31 December 2020). This represents the total amount of loans granted to BNP Paribas' directors and corporate officers, their spouses and dependent children. These loans representing normal transactions were carried out at arm's length, in accordance with the Implementation procedure for conflicts of interest in relation to loans and other transactions granted to the members of the management body and their related parties.

3 TABLE OF DELEGATIONS

Resolutions adopted at Shareholders' Annual General Meetings valid for 2021

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 2021:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2021
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

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2021
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
Shareholders' Combined General Meeting of 19 May 2020 (22nd resolution)	Overall limit on authorisations to issue shares with cancellation or without preferential subscription rights for existing shareholders. The maximum overall amount for all issues with cancellation 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 23rd 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, with cancellation 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)	Authorisation 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 (with cancellation of 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

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2021
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 cancelled. 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
Shareholders' Combined General Meeting of 18 May 2021 (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 19 May 2020 (26th 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 19 May 2020.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 18 May 2021 (20th 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 19 May 2020.	Cancellation of 15,466,915 shares with a par value of EUR 2 on 14 December 2021

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 Statutory auditors' report, prepared in accordance with article L.22-10-71 of the French Commercial Code, on the Board of directors' Corporate governance report

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 8 February 2022, the BNP Paribas Executive Committee had the following members:

- **Jean-Laurent Bonnafé**, Director and Chief Executive Officer;
- **Yann Gérardin**, Chief Operating Officer in charge of Corporate & Institutional Banking ;
- **Thierry Laborde**, Chief Operating Officer in charge of Commercial, Personal Banking and Services;
- **Renaud Dumora**, Deputy Chief Operating Officer in charge of Investment & Protection Services;
- **Laurent David,** Deputy Chief Operating Officer;
- **Marguerite Berard**, Head of French Retail Banking;
- **Stefaan Decraene**, Head of International Retail Banking;
- **Charlotte Dennery**, Chief Executive Officer of BNP Paribas Personal Finance;
- **Elena Goitini**, Chief Executive Officer of BNL;
- **Maxime Jadot**, Chief Executive Officer and Chairman of the Executive Board of BNP Paribas Fortis;
- **Yannick Jung**, Head of CIB Global Banking EMEA;
- **Pauline Leclerc-Glorieux**, Chief Executive Officer of BNP Paribas Cardif;
- **Olivier Osty**, Head of CIB Global Markets;
- **Bernard Gavgani**, Group Chief Information Officer;
- **Nathalie Hartmann**, Head of Compliance;
- **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;

The BNP Paribas Executive Committee has had a permanent Secretariat since November 2007.

2.4 Internal control

The following information relating to internal control was submitted to the Group's Executive Management. The Chief Executive Officer, as executive director, is 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.

The BNP Paribas Internal Control Charter 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 following additional principles of action:

- 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.*);
- independent control and oversight of risks: 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 Function 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, he or she has a whistleblowing right, as provided for in the Group's Code of conduct, allowing them to make a report within a framework placed under the responsibility of the Compliance Function, providing a guarantee of confidentiality and enhanced protection against the risk of retaliation;

- 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.

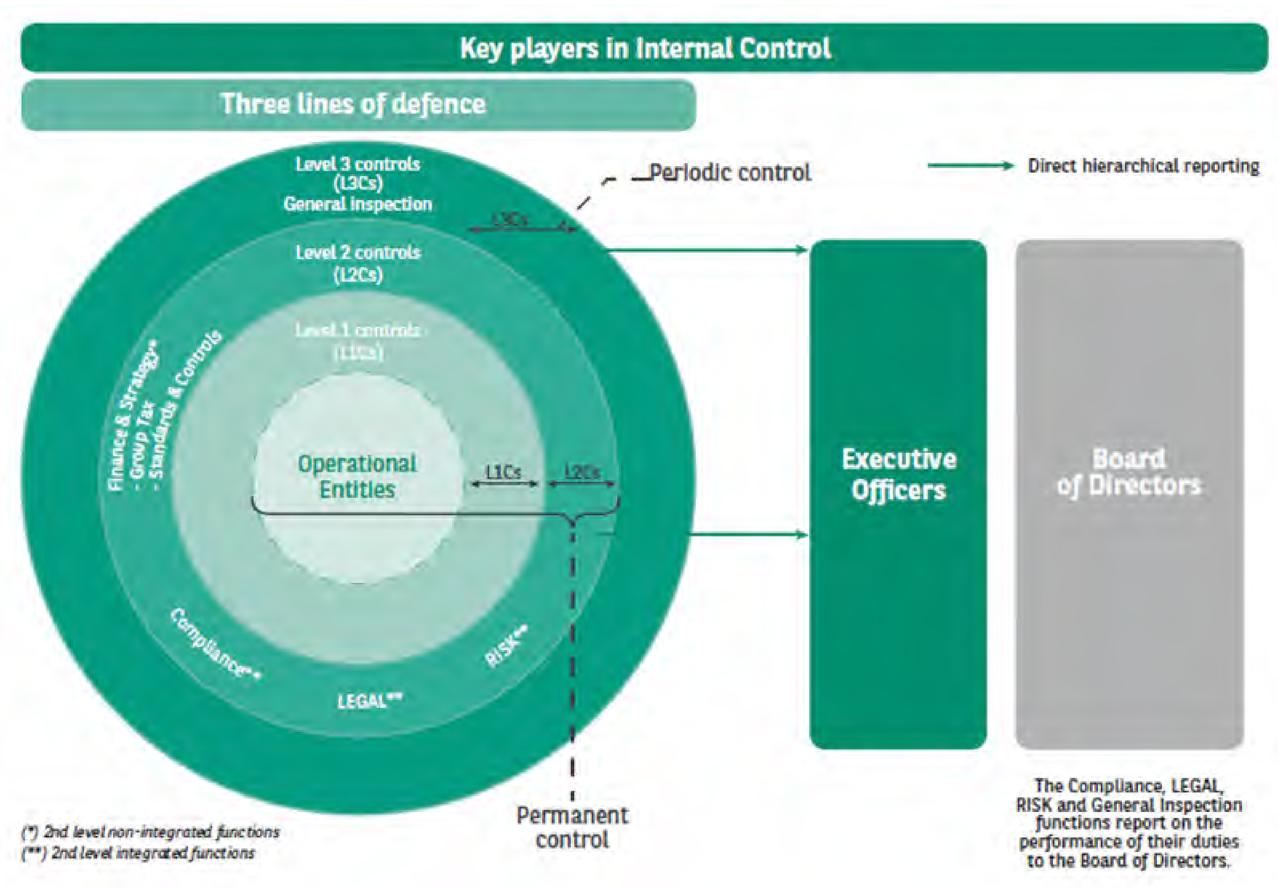
Compliance with these principles is verified on a regular basis, in particular through assignments carried out by the periodic control teams (General Inspection).

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.



KEY PLAYERS IN INTERNAL CONTROL

- Operational entities are the first line of defence: 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 business lines, 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 Responsibility Charter,
  - 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, operational risk, and environmental and social risks,
  - 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) issuing legal opinions for the purpose of avoiding or mitigating the effects of a major legal risk (ii) first and second level control exerted on the legal processes and (iii) the definition of a Group-level control plan for the business lines and functions to cover certain risks that may affect the processes under their responsibility. 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.

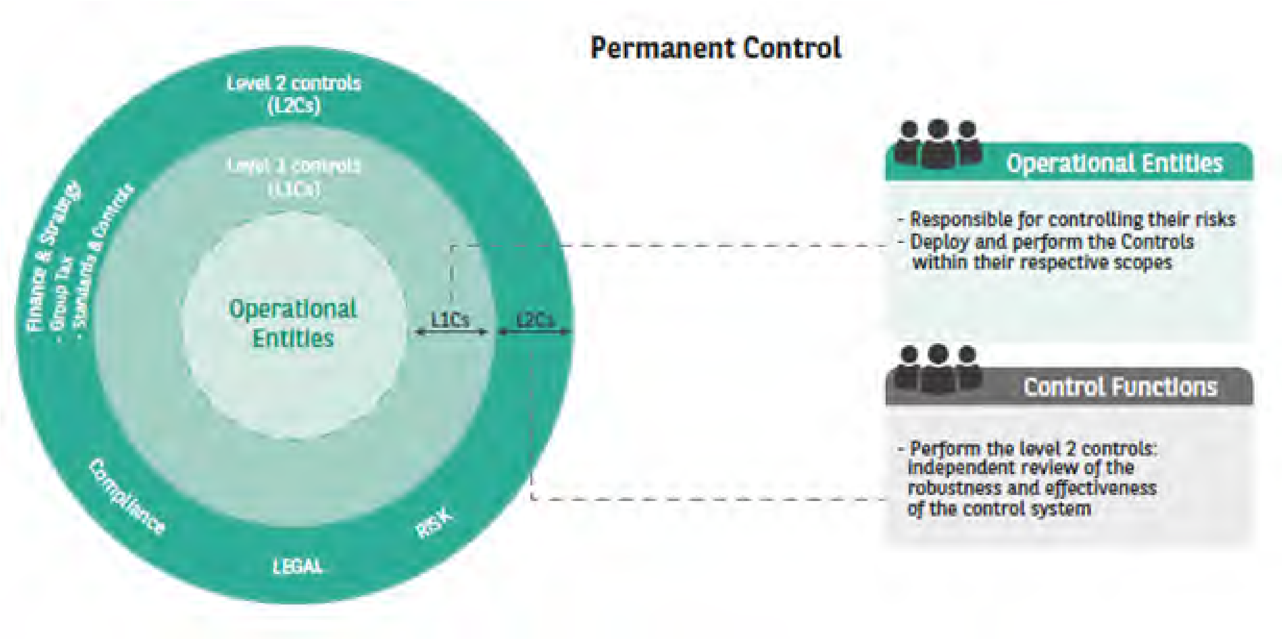
The Heads of these functions may be heard by the Board or any of its specialised committees, directly, possibly without the presence of Executive Officers, or at their request.

The non-integrated function exercising a second-level control is Finance & Strategy. Two departments carry out this activity within this function:

- Group Tax Department, as part of the organisation of the Group's tax risk control system and its contribution to its implementation;
- Standards & Controls, under its responsibility in defining and implementing the risk management system related to accounting and financial information.

The appointment of the Heads of the Compliance, Finance & Strategy and RISK Functions falls within the framework defined by the European Banking Authority.

Permanent control can be outlined as follows:



- 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 Officers 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 Function 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.

- Pursuant to the Decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the control of the ACPR, BNP Paribas must appoint an executive director responsible for overseeing the consistency and effectiveness of the BNP Paribas Group's internal control. At 31 December 2021, the Chief Executive Officer is the Executive Officer responsible for overseeing the consistency and effectiveness of BNP Paribas Group's internal control.
- 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 once per year,
  - regularly reviews, assesses and verifies the effectiveness of the governance system, including in particular clearly defined responsibilities, and internal control, which notably includes 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. Chaired by the Chief Executive Officer, it brings together the Chief Operating Officers, the Deputy Chief Operating Officers and the Heads of control functions.

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 regularly monitors procedure guidelines. 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 the financing of terrorism 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 & Strategy and LEGAL 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.

2021 HIGHLIGHTS

Like 2020, 2021 was marked by the Covid-19 pandemic. The Group had to continue to implement its operational resilience capabilities by being able to sustainably execute part of its processes outside the Group's sites. The measures taken in 2020 concerning the first and second level control systems were reviewed and adapted where necessary to safely and properly perform customer activities at the same time as vigilance and protection systems for the employees. The Group has also set up a system for identifying and closely monitoring pandemic-related risks.

COMPLIANCE

Organisation and change to the function

Integrated globally, Compliance brings together all Group employees reporting to the function. Compliance is organised based on its guiding principles (independence, integration, decentralisation and subsidiarity; dialogue with the business lines; culture of excellence) through local teams (RB, IPS & CIB operating divisions) two regions (AMERICAS, APAC), areas of expertise and cross-functional departments.

All Compliance Officers in the various operating divisions, regions, business lines and territories, areas of expertise and Group functions report directly to the Compliance function.

The Compliance function has strengthened its contribution to the security of the Group's activities since its global integration in 2015. To this end, the function has launched a transformation programme to better serve the ambitions of the function, the business lines and the Group, which aims to apply the following guiding principles to all Group entities:

- enhanced subsidiarity by relying on appropriate delegations;
- increased pooling of activities for the sake of efficiency and expertise;
- the strengthening of more collaborative working practices.

The Compliance headcount reached 3,770 full-time equivalent (FTE) personnel at the end of 2021. This was down by 335 FTEs compared to the headcount at the end of 2020, which stood at 4,105, mainly due to the transfer of control teams (first line of defence) to the business lines, amounting to 294 FTEs, as part of the Group project to review the first-level control system. At constant scope, the decrease is therefore limited to 1%.

Compliance activity in 2021

Compliance continued to oversee the implementation of the Group's remediation plan 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:

- on 11 January 2021, the NY DFS confirmed to BNP Paribas that its obligations under the 2013 Memorandum of Understanding and the Consent Order of 2014 had been met with full satisfaction. BNP Paribas considers that these procedures are now finished;
- the French and American Supervisors (the ACPR and the Federal Reserve Bank) submitted their report on the joint final review conducted in 2020 which aimed to assess the Group's compliance with the commitments made under the OFAC Cease & Desist Order of 2014. The independent consultants appointed by the Federal Reserve Bank and the ACPR conducted their annual review in autumn 2021 and their report should be sent to the Supervisors at the end of January 2022.

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. The Group's list management was fully automated in June 2021. The deployment of the centralised screening tool was carried out in accordance with the objectives and is almost complete. Targeted training and awareness-raising actions were carried out for employees in charge of the subject.

The central payment screening tool confirmed its ability to absorb increasing volumes while maintaining adequate performance in terms of process efficiency and effectiveness.

In the area of Know Your Client (KYC), the objectives of reviewing client files were generally met. The business lines are continuing their programmes to improve their information systems in order to improve their operational efficiency and the customer experience. These initiatives are closely monitored by Executive Management.

BNP Paribas' system for the prevention and management of acts of corruption continued to be strengthened by the update in February 2021 of the Group's Global Anti-Corruption Policy and the increased formalisation of standards and controls relating to the Representation of Interests, in accordance with the Sapin II law and the recommendations of the French Anti-Corruption Agency (AFA). A new governance structure has been put in place to speed up the deployment of standards and controls relating to corruption risks. Lastly, several educational sessions were organised in 2021 as an extension of the Group's mandatory training on the subject.

At the same time, improvements to the professional ethics system continued *via* the updating of the principles governing the procedure relating to employees' private mandates and external activities and that relating to gifts and invitations. In addition, significant IT developments on professional ethics have made it possible to achieve the objectives set.

Awareness-raising among all employees on the whistleblowing system, that has been extensively reviewed and strengthened since 2018, was renewed thanks to the new mandatory training on the Group's Code of conduct ("Conduct journey"); the coordination of the contacts responsible for receiving and processing alerts has been supported by the organisation of *ad hoc* workshops, and a full report is now presented each year to Executive Management and the Board of directors.

Compliance, in addition to its role as the second line of defence in terms of risks relating to the rules of conduct, is in charge – together with RISK and LEGAL – for coordinating, steering and management reporting of cross-functional initiatives aiming to strengthen the Group's Conduct system. In 2021, efforts focused on formalising the minimum standard expected of the various Group entities in terms of the "Conduct" system, as well as on the assessment by these same entities of their conduct risks. This was achieved through strengthened governance and regular coordination by dedicated contacts in this area, appointed in the Group's various entities and regions.

The Market Integrity area continued to adapt and strengthen its permanent control system, in accordance with regulatory changes (MAD MAR II, MIFID II, BMR and FX code). The system for managing information barriers and inside information has been strengthened by updating the procedures and modernising the control room tools. The business lines concerned continued to improve their market abuse monitoring tool.

The implementation systems relating to extra-territorial tax regulations for customers (*Foreign Account Tax Compliance Act* (FATCA), Automatic exchange of information for tax purposes (AEOI), Qualified Intermediary scheme concerning withholding tax on US securities) was strengthened by a set of appropriate procedures and processes, the training of employees on these regulations, and the deployment of adequate first and second level controls, as confirmed for example by the external FATCA/QI certification.

Within the Group, changes in systems relating to extra-territorial banking laws continued. The organisation of the Volcker 2.0 regulation, which includes an annual internal certification, is now in place. In addition, BNP Paribas SA registered as a Security Based Swap Dealer with the Securities and Exchange Commission in November 2021. It can thus continue to develop its "Security Based Swap" activities (over-the-counter equity derivatives and equity credit derivatives) with American counterparties or those established in the United States.

Controls

Compliance continued to update its permanent control system to make the first line of defence (business lines and functions) more accountable, by updating the first-level permanent control plans for the areas of expertise ("Generic Control Library") and by strengthening the second-level control processes ("Independent Testing" and "Check & Challenge"). This transformation work led to a change to the collection of qualitative indicators and the analysis of risk signals, thus improving the consolidated presentation to Executive Management.

Training

In 2021, the mandatory Compliance training courses were continued, with completion rates exceeding 95%.

Mandatory training on compliance topics is structured as follows:

- all Group employees are assigned a mandatory path. In 2021, 98% of employees took part in training on international sanctions and embargoes, and 96.6% in the anti-money laundering and the financing of terrorism training. As training on the Code of conduct has been revised, the first component was assigned to all employees with a completion rate of 96.5%; the second part of this training will be launched in 2022;
- specifically exposed populations follow an additional training course including the fight against corruption (advanced course), banking laws (Volcker rule and French banking law, US CFTC Swap dealer and new SEC Swap Dealer training) and data protection. New training sessions on the AEOI and FACTA tax laws are scheduled for early 2022;
- all new employees upon joining the Group must follow training on the Code of conduct, anti-money laundering and the financing of terrorism, and training on international sanctions and embargoes.

Industrialisation of Compliance

The OPTI Industrialisation Department (Operations, Processes, Technology and Innovation) conducted a review of its governance bodies to make them more effective and more focused on the operational needs of the business lines. Thus, the establishment of expertise channels for the handling of alerts and operations will make these processes more homogeneous and efficient.

Established in 2020, the Compliance Information Systems Strategic Committee approved the IT architecture intended to support the implementation of the functional master plan. The priorities are structured around various projects: structural changes to the central filtering and screening tools, the construction of a Compliance data concentrator and the installation of a central cross-functional monitoring tool for compliance processes.

LEGAL

Organisation and change to the function

LEGAL is an independent and integrated function comprising all the Group's legal teams. All LEGAL employees report directly or indirectly to the Group General Counsel, in order to enable the legal experts to carry out their duties under conditions that guarantee their freedom of judgement and action.

At all levels of the Group, there is a LEGAL organisation enabling adequate coverage of legal risks. Thus, based on the Group's organisation, dedicated legal teams cover the business lines, regions and territories. In addition, the platforms, created in 2020 and numbering six at the end of 2021, are dedicated internal legal teams whose aim is to structure and organise the provision of legal services in all business sectors, entities and geographies concerned, within the framework of their exclusive area of expertise. The LEGAL practices, which numbered four at the end of 2021, are teams specialised by area of legal expertise responsible for cross-functional coordination within LEGAL in the business lines, regions and platforms, as well as reporting of major legal risks within their scope. In addition, Group Dispute Resolution (GDR) is a global and hierarchically integrated team to ensure appropriate management of the Group's major litigation and investigations as well as legal issues related to financial security (such as embargoes and anti-money laundering). Finally, two central departments provide support services to the organisation of LEGAL.

Main achievements in 2021 concerning the legal risk management system

Throughout the year, LEGAL continued to strengthen the legal risk management system with the exercise of RCSA (Risk and Control Self-Assessment) carried out by all legal teams locally and centrally. In addition, the second-level controls on the legal processes (independent testing and check & challenge) were significantly strengthened with the completion of around ten missions during the year, ranging from the verification of first-level controls to more thematic or cross-functional missions.

At the same time, LEGAL was heavily solicited during the ECB's inspection mission on the Group's permanent control system for reviewing the report, findings and recommendations.

The procedure defining the legal and regulatory monitoring system for the entire Group has been updated, notably with the definition of certain best practices and the clarification of points relating to the sharing of responsibilities and the performance of controls.

The team responsible for anticipating legal risk continued its industrialisation with the definition and implementation of dashboards of major legal risks based on the internal inventory tool.

LEGAL also continued its educational support for the first lines of defence of the Group's business lines and functions, in close collaboration with the various RISK ORM teams at the level of the operating divisions and the business lines.

Lastly, LEGAL continues to "check & challenge" the Group's operational risk incidents identified as giving rise to a legal risk. The role of the second line of defence of LEGAL in the "check and challenge" of the RCSA of the business lines and functions represents an increasing part of its activity.

Main projects for 2022

Next year will be dedicated mainly to the continued implementation of the recommendations issued following the ECB mission.

In addition, capitalising on the results of the RCSAs and the existence of these platforms and practices, LEGAL will strengthen the work aimed at assessing certain legal risks in a cross-functional manner.

Finally, the industrialisation of certain second-level controls as well as greater involvement of LEGAL to challenge the first lines of defence (check & challenge) will be made possible with the implementation of the new modules provided for in the tools made available by RISK ORM.

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 ORM) with a steering and coordination role providing local teams on subjects requiring specific expertise (for example: cyber security, 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 launch of the module dedicated to the collection of Historical Incidents in 2019, those relating to RSCAs, Potential Incidents and the collection of outsourcing arrangements in 2020, the one dedicated to Action Plans has been available since April 2021. The last remaining modules cover the subject of controls and have been gradually developed and deployed since the summer of 2021.

The review of first-level controls by Group entities, launched in 2019, with the contribution of the control functions, was finalised in 2021. The ongoing deployment of tools relating to controls will be able to capitalise on the contributions of this work.

Management of risks related to Information and Communication Technologies

The ongoing implementation of the Bank's digitisation initiatives aimed at creating streamlined channels for its customers and partners as well as new ways of collaboration for its staff, introduces new technologies and risks, and reinforces the need to continue to monitor the Bank's technological risk profile and ensure the effectiveness of controls.

In 2021, the RISK teams continued to improve the risk management framework related to Information and Communication Technologies (ICT) through the following actions:

- the monitoring of operational resilience in the context of the prolonged Covid-19 crisis. In particular, a review of temporary exceptions (waivers) granted in 2020 was carried out to stabilise operational processes;
- the performance of penetration tests (Red Team) on several entities in order to assess their capabilities of detecting cybersecurity incidents, and reinforcing protection measures where necessary;
- better integration of ICT risk elements into the entire reference framework;
- participation in major Group programmes in order to provide an independent analysis of the risks and action plans identified on topics such as fraud, cyber risk management or the deployment of the cloud.

Management of risks related to personal data protection

In 2021, BNP Paribas continued to further integrate and incorporate personal data protection into the existing management and governance practices of the RISK function. The Group's control system has been extended to address the concerns of data protection authorities, prioritise actions to manage vulnerabilities and demonstrate the Group's responsibility in this area.

Major achievements include:

- the automation of consent management and tracking technologies to support the business, improve the focus and deployment of the data protection impact assessment (Data Protection Impact Assessment or DPIA);
- the revision of the Group RISK taxonomy, incorporating personal data protection;
- increased adoption of data protection automation tools, including standardisation and visibility of records of processing activities;
- improved transparency of mobile applications through the implementation of privacy labels.

All of these elements bring consistency within the Group and improve the visibility and control of key data protection practices.

Regulatory changes

In terms of regulations, 2021 was marked by:

- the publication, on 31 March 2021, of the European Parliament's Regulation No. 2051/558/EU amending Regulation No. 575/2013/EU adjusting the securitisation system to support the economic recovery in response to the Covid crisis;
- the publication, on 17 October 2021, of the European Commission's proposal to amend Regulation No. 575/2013/EU and Directive 2013/36/EU to transpose the Basel III international finalisation agreement;
- the revision of the order of 3 November 2014 on internal control which aims to clarify and align the French framework with certain European and international provisions, in particular the guidelines of the European Banking Authority (EBA) on outsourcing and internal governance.

The work related to these changes involved the RISK teams as well as other Group teams (Finance & Strategy, ALMT, business lines, *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. The RISK function notably 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 introduction was carried out with the support of a dedicated artificial intelligence team and in close collaboration with various Group's business lines.

In 2021, RISK also set up an organisation that unites the teams responsible for defining and supervising the operational risk management system (RISK Operational Risk & Controls) and those specifically in charge of the second line of defence in terms of technological risks and information protection (RISK ORC Information and Communication Technology). As the second line of defence in terms of operational risk, the new entity resulting from this unification, called RISK Operational Risk Management (RISK ORM), carries out a risk assessment and control action in order to formulate an independent opinion which, coupled with that of the first line of defence, should enable the decision-maker to make an informed decision. This organisational change will enable RISK to contribute even more effectively to the continuous improvement of the Group's operational performance and resilience.

Environmental, social and governance risk management

As shown by its commitments, 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.

In 2021, the Group's Action Plan to strengthen the Bank's ESG system led to significant progress with the delivery of a first version of the internal ESG data platform and the launch of the deployment of the common assessment approach of the ESG profile of the Group's large corporate clients. The latter aims in particular to identify companies whose ESG weakness could translate into credit, investment, reputational risks, and negative environmental and social impacts. It also supports dialogue with companies and supports the transition of those wishing to shift towards a more sustainable business model.

As a second line of defence for environmental risks, the RISK function continued work on the operational integration of this analysis approach.

At the end of 2021, the Group adopted a new governance structure, "Sustainable Finance", incorporating all the work of the ESG Action Plan.

Additional information on climate change risk management can be found in Commitment 3 described in chapter 7 of the Universal Registration Document.

2022 Projects

In 2022, the RISK function's main projects will be:

- the delivery and deployment within the Group of the remaining modules of the new permanent control information system and the corresponding support for operational entities;
- continued work on finalising the implementation of the "Third Party Risk Management" system;
- continued strengthening of the system around business continuity and crisis management, especially for aspects relating to technological risks;
- continuous improvement of the Group's data protection system;
- continued incorporation of ESG risks into the Group's overall risk management system;
- supporting the transformation of the Group's business through its own industrialisation and improving its integration into the business lines' 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

While 2021 was once again marked by the Coronavirus pandemic, the General Inspection was able to adapt its system to achieve its objectives. New methods of collaboration – between the central General Inspection teams and those of the audit hubs in the countries, and also between auditors and audited entities – are deployed everywhere, allowing work in remote mode. However, audit assignments with a physical presence on site are preferred whenever possible. The audit plan was largely met. A total of 898 missions have been completed in 2021, *i.e.* 96% of the target for the year, including 91% as provided for in the original plan.

In 2021, the General Inspection repeated its annual Risk Assessment exercise. 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. The resulting Residual Risk profile appears to be improving in 2021 compared to 2020, returning to a level comparable to 2019. 2020 saw increased intrinsic risks related to certain effects of the pandemic. 2021 shows a return to normal. The control system in general showed good resistance in 2020, then an improvement in 2021 in several areas of activity, particularly in Financial Security.

After a turbulent year in 2020 in terms of its audit plan, the General Inspection reassessed and repositioned its multi-year audit plan in 2021. 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 five 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 2020 crisis made it difficult to achieve this goal, but with a good level of achievement in 2021, it is still close to being achieved. This objective of covering the auditable scope without suffering a significant delay is therefore still relevant.

In 2021, 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 business lines audited and the number of locations. A new IT infrastructure is now available to process files that exceed the capacity of a workstation. A progressive programme 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, to provide for digital and classroom-based at the same time.

The long-term in-depth audit guide project continued in all areas and sectors. The library of methodologies is equipped with new topics to cover a greater number of types of missions, along with updates to better support regulatory changes and the Bank's procedural framework. This project allows for greater consistency in the audit points carried out in the various hubs around the world.

At the end of 2021, the General Inspection laid the foundations for a vast transformation plan, in line with the RedesIGn plan of 2016/2018. This plan will be supported by the Transformation & Digital Intelligence team, created in September. It aims to further improve the digital mastery of the function and to further increase its industrialisation.

The ability of the General Inspection to fulfil all of its missions was based on a headcount that will ultimately be down slightly at the end of the year compared to the recent past (given that the figure for 2019 was a temporary peak). The outlook for 2022 will reverse this trend of 2021.

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):

	2016	**2017**	**2018**	**2019**	**2020**	**2021(1)**	**Change (2021/2020)**
Compliance	3,387	3,759	4,183	4,219	4,105	3,770	- 8%
LEGAL	1,814	1,807	1,846	1,810	1,779	1,736	-2%
RISK	5,221	5,367	5,520	5,462	5,191	5,029	- 3%
Periodic control	1,238	1,296	1,394	1,446	1,381	1,355	-2%
TOTAL	**11,660**	**12,229**	**12,943**	**12,937**	**12,456**	**11,890**	**- 4%**

(1) The decrease in the Compliance headcount in 2021 is mainly due to the transfer of control teams (first line of defence) to the business lines.
At constant method scope, the decrease is only 1%, equivalent to that of other internal control functions.

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 Executive Officer, the Finance & Strategy Function is notably responsible for preparing and processing 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 & Strategy 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;
- managing the Group's tax risk, representing the Group in tax matters and helping to preserve its reputation;

- defining accounting policies, management standards and prudential standards for the Group and overseeing their operational implementation;
- defining, deploying and supervising the permanent control system concerning financial information for the entire Group;
- assisting Executive Management in defining the Group's strategy, ensuring the benchmarking of the Group's performance and initiating and examining mergers and acquisitions ("M&A");
- managing the Group's equity and conducting the analysis and financial structuring of the Group's external and internal acquisition, partnership and disposal projects;
- 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;
- anticipating regulatory and prudential changes, and developing and communicating the Group's positions on these issues;
- coordinating the Group's banking supervision, in particular the relationship with the ECB;
- meeting the economic research needs of all of the Group's customers, business lines and functions;
- defining and managing the organisation of the Finance & Strategy 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 Executive 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 Finance & Strategy and RISK, housed within Group IT, with regard to user processes and the changes to the information system. In practice, the responsibility of the Finance & Strategy 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/business lines for approval;
- the production of forecast financial data is carried out by the divisions/business lines, ensuring their consistency with the actual data produced by the entities or regional platforms;
- centrally, the Finance & Strategy 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/business lines 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 Finance & Strategy (Group), the "Standards & Controls – Group Financial Policies" (GFP) department defines the IFRS-based accounting principles to be applied to the Group as a whole. It monitors changes to IFRS and French standards and interprets them as necessary by issuing new principles. A manual of the Group's IFRS accounting principles is available for the divisions/business lines and entities on the internal network communication tools ("intranet") of BNP Paribas. It is regularly updated to reflect regulatory changes. At the request of GFP or those responsible for reporting, certain interpretations and major elements of doctrine are submitted to a specialised committee ("Accounting Policy Committee") for approval or arbitration. This committee reviews and approves the changes to be made to the accounting principles manual.

In addition, the "Group Financial Policies" department responds to requests for specific accounting studies made by the divisions/business lines or entities as part of the preparation of the financial statements and during the approval process for new products or new activities.

Finally, this department is also responsible for maintaining the management standards manual, incorporating the needs identified by the performance management teams. These principles and standards can also be accessed using internal network tools (intranet).

The solvency framework is the joint responsibility of the RISK and Finance & Strategy Functions. The Finance & Strategy Function is notably responsible for the normative elements relating to the prudential scope, regulatory capital, and the calculation of leverage and GSIB ratios. The other aspects relating to risk measurement are the responsibility of the Risk Function. A joint "Solvency Policies Committee", co-chaired by the two functions, performs the same role as the "Accounting Policy Committee" in terms of prudential standards.

The regulatory liquidity framework is the responsibility of ALM Treasury (with the contribution of the Finance & Strategy and Risk Functions).

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 preparation of financial data. Organised around shared and multi-business regional platforms, it combines expertise and industrialisation for all financial reporting flows (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 & Strategy Function

In order to enable it to centrally monitor risk management related to accounting and financial information, Finance & Strategy (Group) has a "Financial Control, Certification and Audit Affairs" team within the "Group Financial Controls" entity 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 of directors' 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 for the preparation of liquidity reports, in particular by means of a specific certification system and quality indicators;
- ensuring the implementation by the entities of the Statutory Auditors' recommendations, the recommendations of the General Inspection relating to the Finance process and the ECB's recommendations allocated to Finance & Strategy 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.

These missions are relayed within the Finance Departments of the divisions/business lines by central, independent control teams who carry out close supervision of the entities and develop, if necessary, accounting control procedures adapted to the specificities of their scope, in line with Group-level procedures.

Lastly, within the entities/businesses' Finance Departments, the Group's accounting internal control principles have led to dedicated and independent second-level 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 first-line reporting and control processes and increasing their efficiency for the scope of the entities concerned), also ensures that the second-level accounting control teams are the appropriate size and have the necessary expertise. The main missions of these local teams are as follows:

- implementing second-level accounting controls on all entities falling within their scope and covering in particular the controls carried out by the entities' Finance Functions (including the first-level controls carried out on the processes operated by the Back Offices). These procedures are based, in particular, on standardised accounting control plans and accounting control tools that allow control responsibilities to be allocated to the various contributors to flows. Several control tools support first- and second-line defence controls, for example, identifying, for each account, the department responsible for its justification and control, and reconciling the balances recorded in the accounting system with the balances appearing in the Operations systems of each activity and identifying, justifying and monitoring the clearance of outstanding items in the flow accounts;
- implementing control and coordinating (directly when this task is not performed by first-line controls) the "elementary certification" process (described below) requiring an entity's different departments to report to the Finance & Strategy Function on the controls that they have carried out;

- ensuring 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

Finance & Strategy (Group) uses FACT (Finance Accounting Control Tool) for the internal certification of the quarterly data produced by each entity for the consolidation package and for the consolidation process for which the "Financial & Regulatory Reporting" Department within Finance & Strategy (Group) is responsible.

The Chief Financial Officer of each entity concerned certifies to Finance & Strategy (Group) 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 & Strategy (Group) 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 capital adequacy 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 process of preparation of accounting information at the level of each entity's Finance Department, the permanent control procedures of Finance & Strategy (Group), developed by Group Financial Controls require the implementation of first-level procedures relating to accounting data or controls when the process of preparing the accounting information is operated or controlled in a decentralised way. In this context, an "elementary certification" (or "sub-certification") procedure can be deployed.

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 first-levels of control, 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 measured at fair value

Assets and derivatives measured at fair value through profit or loss in the trading portfolio

The trading portfolio mainly focuses on the market activities of Global Markets and a few other, less significant scopes. Finance & Strategy (Group) has defined a specific system for the main scope. This is based on the principle that Finance & Strategy, responsible for the preparation and quality of the Group's accounting and management information, delegates the production and control of the market or model value of financial instruments to the various players of the chain, thus constituting a single and integrated valuation channel for financial 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 & Strategy 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 & Strategy 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 & Strategy Function, ensuring that Finance & Strategy 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 Deputy 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 brings together the business lines, Finance & Strategy (Group) and the divisions concerned, ALMT 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.

Instruments measured at fair value through profit or loss or through equity outside the trading portfolio

Fixed income securities, derivatives and debt measured at fair value through profit or loss or through equity

Most of the instruments relating to this scope are covered by the system in place for the trading portfolio, thanks to an adapted extension of the governance as well as the pooling of systems, processes and valuation methodologies. The main business line concerned is ALM Treasury, which is covered by and represented on the aforementioned PFC committee.

Equity securities measured at fair value through profit or loss or through equity

Since 2020, Group Financial Policies has developed a specific valuation standard, and the valuation governance system has been standardised to ensure homogeneous coverage of this portfolio and an appropriate distribution of responsibilities and decision-making chains.

Other items measured at fair value

Control systems, meeting the requirements of the Group's accounting control plan, exist at the level of the entities or at the level of the divisions/business lines to ensure the necessary level of control on loans that do not meet IFRS 9 SPPI[1] criteria.

Development of the system

The Finance & Strategy Function's general permanent control framework

The permanent control system related to the risk on accounting and financial information is continuously being adapted. The procedures described above, as well as the change in the tools are part of an evolving framework that aims to guarantee an adequate level of control throughout the Group, and a better harmonisation of the control of accounting and financial information. In 2021, the Finance & Strategy Function reviewed its permanent control system and the articulation between its two lines of defence as well as with the functions exercising second line of defence missions. This framework has also introduced a strong governance of the system articulated through committees called "FORCC[2]" through which all the permanent control processes of the Finance operating business units are reviewed. The comprehensive deployment of this system will continue in 2022.

Moreover, 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 scopes. These reviews are supplemented by presentations to the various committees in the Finance & Strategy 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 programme 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.

[1] *SPPI (Solely Payment of Principal and Interest): The SPPI criterion is a criterion required in addition to the management model in order to determine the classification of financial instruments excluding trading activities on the balance sheet. It is linked to the contractual characteristics of the instruments. The tests must be carried out on all assets whose management model is "HTC" ("held to collect", collect contractual cash flows and keep the asset until maturity) or "HTCS" ("held to collect and sell", collect contractual flows and sell the asset) in order to determine the accounting category: amortised cost, fair value through equity or fair value through profit or loss.*

[2] *FORCC: Financial and Operational Risk Control Committee.*

Data control system

As in 2020, the Group continued to adapt its system in 2021 to continue 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 (risk related to the accounting and financial information, credit, market, liquidity and operational risks), and to improve the consistency of related reporting at all levels of the organisation during normal periods as well as during stress or crisis periods.

The continuous adaptation of the system is part of the regulatory framework of the principles set by the Basel Committee for the aggregation of risk data and their reporting ("Principles for effective risk data aggregation and risk reporting – Basel Committee on Banking Supervision – Standard 239") and aims to ensure the Group's compliance with these principles.

Strengthened in 2020 by the appointment of a Group Chief Data Officer (CDO) as well as a RISK/Finance & Strategy CDO in addition to the existing system of Chief Data Officers within the Businesses and functions, the major initiatives launched in 2020 were continued in 2021, in particular in the following areas:

- the adaptation of the Group's Data Management strategy, including the introduction of the Data Management by Design approach, the data compilation model (launch of the new Group Data Management tool "WeData"), monitoring and quality control (strengthening of local business line indicators and their consolidated vision, preparation of the extension of the scope of critical data for implementation from 2022), the organisation of the processes supporting these activities (inclusion of the Single Channel organisational model), the use of adapted technologies and a strengthened data culture within the Group (including the organisation of a "Data Week");
- the sustainability of Data governance, in particular with the holding of the Group Data Board (biannual), a Shared Data Council and committees to assess the quality and monitoring of remedial actions at the level of the Group, Businesses or functions and entities (Quality Assessment & Remediation Committees – QARC) generally held quarterly, and also in 2021, the updating of the Group "Roles & Responsibilities related to Data Quality, Integrity and Protection" procedure and the realisation for the second year of an internal assessment of the Group's level of compliance with BCBS 239 principles;
- emphasising the implementation of the Data strategy as part of the Group's IT strategy, notably by integrating the principles of Data Management by Design and the IT contribution to the data compilation model (including the development of dictionaries of application data as part of the new Group Data Management tool "WeData"), and 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 & Strategy channel (called the "Finance Audit Line") with a team of specialist inspectors in accounting and financial auditing, thus reflecting the General Inspection's strategy of having an auditing capability in accountancy, as regards both the technical complexity of its work and its scope of 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 within the Group;
- 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 & Strategy 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 contribute 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 “Investor Relations and Financial Information” Department within Finance & Strategy (Group). 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."

(c) Section 3 entitled "2020 Review of Operations" on pages 138 to 179 shall be deleted in its entirety and replaced with the following:

3 2021 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of 100% of its commercial banking activities in the United States operated by BancWest cash-generating unit. The terms of this transaction fall within the scope of IFRS 5 relating to groups of assets and liabilities held for sale. Unless otherwise stated, the financial information and elements include in particular the activity relating to BancWest to reflect an operational vision. They are, therefore, presented excluding effects of the application of IFRS 5 relating to groups of assets and liabilities held for sale.

In millions of euros	2021	2020	2021/2020
Revenues	**46,235**	**44,275**	**+4.4%**
Operating Expenses and Dep.	(31,111)	(30,194)	+3.0%
Gross Operating Income	**15,124**	**14,081**	**+7.4%**
Cost of Risk	(2,925)	(5,717)	-48.8%
Operating Income	**12,199**	**8,364**	**+45.9%**
Share of Earnings of Equity-Method Entities	494	423	+16.8%
Other Non-operating Items	944	1,035	-8.8%
Non-operating Items	**1,438**	**1,458**	**-1.4%**
Pre-Tax Income	**13,637**	**9,822**	**+38.8%**
Corporate Income Tax	(3,757)	(2,407)	+56.1%
Net Income Attributable to Minority Interests	(392)	(348)	+12.6%
Net Income Attributable to Equity Holders	**9,488**	**7,067**	**+34.3%**
Cost/income	**67.3%**	**68.2%**	**-0.9 pt**

A ROBUST PERFORMANCE AND VALUE CREATION

BNP Paribas achieved a robust performance, on the back of its integrated and diversified model based on it platforms and client franchises leaders in Europe and well-positioned internationally.

The Group's diversification and ability to accompany clients and the economy in a comprehensive way sustained the increase in revenues compared to 2020 (+4.4%) and 2019 (+3.7%). The development of platforms at marginal cost and ongoing efficiency measures allowed the Group to invest while delivering a positive jaws effects on the year, despite the increased contribution to the SRF[1]. With a Common Equity Tier 1 ratio of 12.9%[2] as at 31 December 2021 and a 10.0% return on tangible equity not revaluated, the Group once again demonstrated its ability to create value in a continuous and sustainable way.

All in all, revenues, at EUR 46,235 million, increased by 4.4% compared to 2020 and by 3.7% compared to 2019[3].

[1] *Single Resolution Fund.*
[2] *CRD 4, including IFRS 9 transitional arrangements.*
[3] *This included, in the fourth quarter 2020, the -104 million euro exceptional accounting impact of a swap set up for the transfer of a business.*

In the operating divisions, revenues rose by 2.4% at historical scope and exchange rates and by 3.7% at constant scope and exchange rates. They were up sharply by 5.2% at Domestic Markets[1], driven by the increase in the networks[2], in particular in France, and by very strong growth in specialised businesses, Arval in particular. International Financial Services' revenues decreased by 1.2% at historical scope and exchange rates but rose by 1.7% at constant scope and exchange rates, with a strong increase in asset-gathering businesses, an increase at Insurance and at BancWest, and a less favourable context for the other businesses. CIB achieved a further increase in revenues (+3.4% at historical scope and exchange rates and +4.1% at constant scope and exchange rates), at a high level (+17.8% compared to 2019).

The Group's operating expenses, at EUR 31,111 million, rose by 3.0% compared to 2020, in relation with the support for growth and investments, and were 0.7% lower than in 2019. Operating expenses this year included the exceptional impact of restructuring[3] and adaptation costs[4] (EUR 164 million) and IT reinforcement costs (EUR 128 million) for a total of EUR 292 million (total exceptional operating expenses of EUR 521 million in 2020, when they also included the exceptional impact of EUR 132 million in donations and staff-safety measures related to the public health crisis). The jaws effect was positive (+1.4 point).

For 2021, Group operating expenses are impacted by a EUR 193 million increase in taxes subject to IFRIC 21 (including the contribution to the SRF[5]) compared to 2020, an equivalent of more than 20% of operating expenses increase between 2020 and 2021. The taxes subject to IFRIC 21 (including the contribution to the SRF(3)) stood at EUR 1,516 million in 2021. The contribution to the SRF(3) stood at EUR 967 million in 2021 *vs.* 760 million in 2020, increasing by 27.2%

In the operating divisions, operating expenses increased by 2.7% compared to 2020. They rose by 2.0% compared to 2020 at Domestic Markets[6], due particularly to support for growth in the specialised businesses and the rebound of activity in the networks[7], they were contained by cost-savings measures. The jaws effect was very positive (+3.1 points). At International Financial Services, operating expenses increased by 1.1% at historical scope and exchange rates and by 4.2% at constant scope and exchange rates, mainly driven by business development and targeted initiatives. At CIB, operating expenses increased by 5.4% at historical scope and exchange rates and by 4.0% at constant scope and exchange rates, driven by business development, targeted investments, and the impact of taxes subject to IFRIC 21.

The Group's gross operating income thus came to EUR 15,124 million, up by 7.4% compared to 2020 and by 14.1% compared to 2019.

The cost of risk, at EUR 2,925 million, decreased by 48.8% compared to 2020 and stood at 34 basis points of customer loans outstanding. It stood at a low level in particular due to a limited number of new defaults and compared to a high basis in 2020, which had a total of EUR 1.4 billion in provisions on performing loans (stages 1 and 2). Write-backs of provisions on performing loans were marginal in 2021 (EUR 78 million).

The Group's operating income thus amounted to EUR 12,199 million, a very strong 45.9% increase compared to 2020 and up sharply, by 21.3%, compared to 2019. It rose in all divisions.

Non-operating items came to EUR 1,438 million in 2021 (EUR 1,458 million in 2020). They included the exceptional impacts of capital gains of +EUR 486 million (+699 million in 2020) on building sales, of +EUR 444 million (+EUR 371 million in 2020) on the sale of Allfunds shares[8], and of +96 million on the sale of a stake of BNP Paribas Asset Management, as well as -EUR 74 million (-EUR 130 million in 2020) in depreciations.

Pre-tax income, at EUR 13,637 million (EUR 9,822 million in 2020), rose very sharply by 38.8% and 19.7% compared to 2019.

Corporate income taxes totalled EUR 3,757 million, up strongly by 56.1% compared to 2020 (EUR 2,407 million in 2020). The average corporate tax rate was 28.7%, *vs.* 25.6% in 2020, mainly due to the increase in taxes and contributions subject to IFRIC 21, a large proportion of which are not deductible.

The Group's net income attributable to equity holders thus came to EUR 9,488 million in 2021, up very sharply compared to 2020 (+34.3%) and with 2019 (+16.1%). Excluding exceptional items, it came to EUR 9,009 million, up very sharply by 32.4% compared to 2020.

The return on tangible equity not revaluated was 10.0% and reflected the solid performances of the BNP Paribas Group, driven by the strength of its diversified and integrated model and its continuous and sustainable value creation.

1 *Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.*
2 *FRB, BNL bc and BRB.*
3 *Related to the restructuring of certain businesses, in particular at CIB.*
4 *Adaptation measures in particular at Wealth Management, CIB and BancWest.*
5 *Single Resolution Fund.*
6 *Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.*
7 *FRB, BNL bc and BRB.*
8 *Disposal of 8.69% stake in Allfunds, BNP Paribas still holds a 13.81% stake in Allfunds.*

As at 31 December 2021, the Common Equity Tier 1 ratio stood at 12.9%[1], up by 10 basis points compared to 31 December 2020. The Group's immediately available liquidity reserve totalled EUR 452 billion, equivalent to more than one year of room to manoeuvre in terms of wholesale funding. Its leverage ratio[2] stood at 4.1%.

Tangible net book value[3] per share stood at 78.7 euros, equivalent to a compound annual growth rate of 7.2% since 31 December 2008, illustrating continuous value creation throughout economic cycles.

The Board of directors will propose to the shareholders' Annual General Meeting on 17 May 2022 to pay out a dividend of EUR 3.67 in cash, equivalent to a 50% pay-out ratio in cash of 2021 results. This payment will raise the total pay-out on the year 2021 to 60%, when factoring in the EUR 900 million share buyback programme executed between 1 November 2021 and 6 December 2021, which was equivalent to a 10% pay-out ratio on 2021 results.

The Group continued its ambitious policy of engaging with society and continued to reinforce its internal control set-up.

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 4 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	2021	2020	2021/2020
Revenues	**31,487**	**30,867**	**+1.9%**
Operating Expenses and Dep.	(20,705)	(20,384)	+1.6%
Gross Operating Income	**10,782**	**10,483**	**+2.6%**
Cost of Risk	(2,600)	(4,221)	-38.4%
Operating Income	**8,183**	**6,262**	**+30.2%**
Share of Earnings of Equity-Method Entities	444	358	+24.1%
Other Non-Operating Items	145	72	n.s.
Pre-Tax Income	**8,772**	**6,692**	**+30.6%**
Cost/Income	65.8%	66.0%	-0.2 pt
Allocated Equity *(€bn)*	54.8	55.3	-1.1%

1 *CRD 4; including IFRS 9 transitional arrangements.*
2 *Calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021.*
3 *Revaluated.*

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	**2021**	**2020**	**2021/2020**
Revenues	**16,275**	**15,477**	**+5.2%**
Operating Expenses and Dep.	(10,784)	(10,568)	+2.0%
Gross Operating Income	**5,491**	**4,909**	**+11.8%**
Cost of Risk	(1,185)	(1,456)	-18.6%
Operating Income	**4,306**	**3,453**	**+24.7%**
Share of Earnings of Equity-Method Entities	0	5	-97.4%
Other Non-operating Items	62	50	+24.1%
Pre-Tax Income	**4,368**	**3,508**	**+24.5%**
Income Attributable to Wealth and Asset Management	(245)	(237)	+3.3%
Pre-Tax Income of Domestic Markets	**4,123**	**3,271**	**+26.0%**
Cost/Income	66.3%	68.3%	-2.0 pt
Allocated Equity *(€bn)*	25.5	26.2	-2.4%

Including 100% of the Private Bank in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income line items.

For the whole of 2021, Domestic Markets' results were up very sharply, driven by increased activity. Loans outstanding rose by 4.2% compared to 2020 and were up in all businesses, with a good increase in individual and corporate loans. Deposits rose by 8.6% compared to 2020, driven by the effects of the public health crisis on customer behaviour. Financial savings expanded robustly, off-balance sheet savings increased strongly (+9.7% compared to 31 December 2020). Private Banking achieved very good net asset inflows of almost EUR 7.7 billion in 2021.

Revenues[1], at EUR 16,275 million, rose by 5.2% compared to 2020. The performance in the networks[2] was very good overall (+3.2%), driven by the steep rise in fees and growth at the specialised subsidiaries, despite the impact of the low-interest-rate environment. Growth at the specialised businesses continued, including very strong increases at Arval (+19.5%), Leasing Solutions (+7.7%) and Nickel (+24.9%).

Operating expenses(1), at EUR 10,784 million rose by 2.0% compared to 2020 in support of business development. They increased by 0.7% in the networks(2) and by 8.1% in the specialised businesses. The jaws effect was very positive (+3.1 points).

Gross operating income(1), at EUR 5,491 million, rose sharply by 11.8% compared to 2020.

At EUR 1,185 million, the cost of risk decreased by 18.6% compared to a high 2020 base, mainly due to a limited number of new defaults in 2021.

As a result, after allocating one third of Private Banking's net income to Wealth Management (International Financial Services division), Domestic Markets achieved pre-tax income[3] of EUR 4,123 million, up very sharply by 26.0% compared to 2020.

1 *Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.*
2 *FRB, BNL bc and BRB.*
3 *Excluding PEL/CEL effects of +EUR 29 million compared to +EUR 3 million in 2020.*

FRENCH RETAIL BANKING (FRB)

In millions of euros	**2021**	**2020**	**2021/2020**
Revenues	**6,240**	**5,944**	**+5.0%**
Incl. Net Interest Income	*3,371*	*3,303*	*+2.1%*
Incl. Commissions	*2,869*	*2,641*	*+8.6%*
Operating Expenses and Dep.	(4,551)	(4,490)	+1.4%
Gross Operating Income	**1,689**	**1,454**	**+16.2%**
Cost of Risk	(441)	(496)	-11.1%
Operating Income	**1,248**	**958**	**+30.3%**
Non-operating Items	37	38	-0.8%
Pre-Tax Income	**1,285**	**995**	**+29.1%**
Income Attributable to Wealth and Asset Management	(136)	(133)	+2.0%
Pre-Tax Income	**1,149**	**862**	**+33.3%**
Cost/Income	72.9%	75.5%	-2.6 pt
Allocated Equity *(€bn)*	10.6	11.0	-3.1%

Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects).

For the whole of 2021, FRB achieved sustained business drive. Loans outstanding increased by 5.4% compared to 2020, driven mainly by an increase in individual customer loans. Mortgage loan production was strong, and corporate loan production accelerated late in the year. Deposits rose by 8.2% compared to 2020, driven by the effects of the public health crisis on customer behaviour. FRB achieved a strong increase in payment means and cash management fees (+11.5%[1] compared to 2020), which exceeded their level of 2019 (+5.3% compared to 2019). In 2021, FRB also stood out in equity capital operations for small and mid-sized companies, with eight IPOs, including five in greentech. Lastly, the transformation of financial savings remained robust, with a 5.0% increase in off-balance sheet savings compared to 31 December 2020 and almost EUR 9.5 billion of gross asset inflows in life insurance (+41% compared to 2020). Private Banking in France in 2021 achieved strong net asset inflows of EUR 4.2 billion, raising its assets under management to EUR 122 billion as at 31 December 2021.

Revenues[2] came to EUR 6,240 million, up by 5.0% compared to 2020. Net interest income(2) rose by 2.1%, thanks to the good performance of the specialised subsidiaries and loan activity and despite the impact of low rates. Fees(2) rose sharply by 8.6% compared to 2020 and were higher than in 2019 (+4.8% compared to 2019).

Operating expenses(2), at EUR 4,551 million, increased by 1.4% compared to 2020, driven by the ongoing impact of cost-optimisation measures. The jaws effect was very positive (+3.6 points).

Gross operating income(2) came to EUR 1,689 million, up very sharply by 16.2% compared to 2020.

The cost of risk(2) came to EUR 441 million, up by EUR 55 million compared to 2020. At 21 basis points of customer loans outstanding, it was at a low level.

As a result, after allocating one third of Private Banking's net income in France to Wealth Management (International Financial Services division), FRB achieved pre-tax income[3] of EUR 1,149 million, up very sharply by 33.3% compared to 2020.

1 *Scope: corporate clients.*
2 *Including 100% of Private Banking in France (excluding PEL/CEL effects).*
3 *Excluding PEL/CEL effects of +EUR 29 million compared to +EUR 3 million in 2020.*

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2021	2020	2021/2020
Revenues	**2,680**	**2,671**	**+0.3%**
Operating Expenses and Dep.	(1,781)	(1,746)	+2.0%
Gross Operating Income	**899**	**925**	**-2.8%**
Cost of Risk	(487)	(525)	-7.2%
Operating Income	**412**	**400**	**+3.0%**
Non-operating Items	0	(2)	n.s.
Pre-Tax Income	**412**	**398**	**+3.5%**
Income Attributable to Wealth and Asset Management	(36)	(35)	+2.0%
Pre-Tax Income of BNL bc	**376**	**363**	**+3.7%**
Cost/Income	66.4%	65.4%	+1.0 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 2021, BNL bc's commercial activity was robust. Loans outstanding rose by 1.5% compared to 2020 and by 3.7% excluding non-performing loans. BNL bc continues to win market shares in all customer segments. Deposits rose by 12.3% compared to 2020 and were up in all customer segments. Outstandings in off-balance sheet savings increased by 10.0% compared to 31 December 2020, driven by a strong increase in mutual fund outstandings (+14.1% *vs.* 31 December 2020) and the ongoing increase in life insurance outstandings (+7.3% *vs.* 31 December 2020). At almost EUR 2.2 billion, net asset inflows in Private Banking were very strong. BNL bc also achieved an increase in card payments, particularly among individual customers both in terms of transaction numbers (+31% compared to 2020) and volumes (+19% compared to 2020).

Revenues[1] decreased slightly by 0.3%, compared to 2020, to EUR 2,680 million. Net interest income(1) decreased by 4.9%, as the impact of the low-interest-rate environment was only partly offset by the impact of higher credit volumes. Fees(1) increased by 8.3% compared to 2020. All fees rose strongly.

Operating expenses(1), at EUR 1,781 million, rose by 2.0% compared to 2020, mainly due to taxes subject to IFRIC 21 and the business recovery. The effects of adaptation measures (the "Quota 100" retirement plan) continued.

Gross operating income(1) thus came to EUR 899 million, down by 2.8% compared to 2020.

The cost of risk(1), at EUR 487 million, improved by EUR 38 million compared to 2020, driven by write-backs of provisions on performing loans (stages 1 and 2), and a limited number of new defaults. It stood at 62 basis points of customer loans outstanding.

As a result, after allocating one third of Private Banking's net income in Italy to Wealth Management (International Financial Services division), BNL bc achieved pre-tax income of EUR 376 million, up by 3.7% compared to 2020.

1 Including 100% of Private Banking in Italy.

BELGIAN RETAIL BANKING

In millions of euros	2021	2020	2021/2020
Revenues	**3,509**	**3,432**	**+2.2%**
Operating Expenses and Dep.	(2,375)	(2,408)	-1.4%
Gross Operating Income	**1,135**	**1,024**	**+10.8%**
Cost of Risk	(99)	(230)	-56.8%
Operating Income	**1,035**	**794**	**+30.3%**
Non-operating Items	19	31	-39.5%
Pre-Tax Income	**1,054**	**826**	**+27.7%**
Income Attributable to Wealth and Asset Management	(65)	(64)	+1.9%
Pre-Tax Income of BDDB	**989**	**762**	**+29.8%**
Cost/Income	67.7%	70.2%	-2.5 pt
Allocated Equity *(€bn)*	5.3	5.4	-3.1%

Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2021, BRB's business activity was good. Loans outstanding increased by 2.4% compared to 2020 and were up in all customer segments. Deposits increased by 6.0% and rose in all customer segments compared to 2020. The increase in off-balance sheet savings was robust (+11.3% compared to 31 December 2020), driven in particular by favourable trends in mutual fund outstandings. Digital uses accelerated, with more than 65 million monthly connexions on mobile apps[1] (+42.9% compared to the fourth quarter 2020). Meanwhile, at the beginning of January 2022, BRB closed its acquisition of the 50% of bpost banque shares it did not already own, together with a seven-year partnership to distribute financial services in the post office network.

Revenues[2] increased by 2.2% compared to 2020, to EUR 3,509 million. Net interest income decreased by 1.7%[3], due to the impact of the low-interest-rate environment, which was partially offset by the strong contribution of the specialised subsidiaries and growth in loan volumes. Fees(2) rose by 12.0% compared to 2020. All fees increased strongly.

Operating expenses(2), at EUR 2,375 million, decreased by 1.4% compared to 2020, on the back of cost-savings measures and further optimisation of the branch network. The jaws effect was very positive (+3.6 points).

Gross operating income(2), at EUR 1,135 million, increased strongly by 10.8% compared to 2020.

At EUR 99 million, the cost of risk(2) improved by EUR 130 million compared to 2020 (EUR 230 million). At 8 basis points of customer loans outstanding, the cost of risk was very low.

As a result, after allocating one third of Private Banking's net income in Belgium to Wealth Management (International Financial Services division), BRB thus achieved pre-tax income of EUR 989 million, a very robust increase of 29.8% compared to 2020.

[1] *Scope: individual, business and Private Banking customers (BNP Paribas Fortis and Hello bank!). On average in the fourth quarter.*
[2] *Including 100% of Private Banking in Belgium.*
[3] *A positive impact not recurring in the third quarter 2021.*

OTHER DOMESTIC MARKETS BUSINESSES (ARVAL, LEASING SOLUTIONS, PERSONAL INVESTORS, NICKEL AND LUXEMBOURG RETAIL BANKING)

In millions of euros	2021	2020	2021/2020
Revenues	**3,846**	**3,430**	**+12.1%**
Operating Expenses and Dep.	(2,078)	(1,923)	+8.1%
Gross Operating Income	**1,768**	**1,507**	**+17.4%**
Cost of Risk	(157)	(205)	-23.4%
Operating Income	**1,611**	**1,301**	**+23.8%**
Share of Earnings of Equity-Method Entities	(4)	(12)	-67.3%
Other Non-operating Items	10	0	n.s.
Pre-Tax Income	**1,617**	**1,289**	**+25.4%**
Income Attributable to Wealth and Asset Management	(8)	(5)	+70.1%
Pre-Tax Income of other DM	**1,608**	**1,284**	**+25.3%**
Cost/Income	54.0%	56.1%	-2.1 pt
Allocated Equity *(€bn)*	4.3	4.5	-3.1%

Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items.

For the whole of 2021, all Domestic Markets specialised businesses achieved a strong increase in results and very good development in their business activity. Arval's financed fleet expanded sharply (+6.2%[1] compared to 2020), and second-hand vehicle prices continued to rise. Leasing Solutions' outstandings increased by 4.3%[2] compared to 2020, and production momentum remained strong, hitting a level higher than in 2019 (+8.4% compared to 2019). Personal Investors achieved a significant increase in assets under management (+28.3% compared to 31 December 2020), driven by good market performance. The number of new customers rose in particular at Consorsbank in Germany (+14.9% compared to 2020). Nickel continued to expand in France with almost 2.4 million accounts opened[3] and more than 7100 points of sale in France and Spain. Loans outstanding at Luxembourg Retail Banking (BDEL) increased by 6.1% compared to 2020, with improved margins and high production of mortgage loans. Fees rose.

Revenues[4] of the five businesses, at EUR 3,846 million, rose sharply by 12.1% compared to 2020, driven in particular by the very strong increase at Arval, and the good performances by the other businesses, Leasing Solutions in particular.

Operating expenses(4) increased by 8.1% compared to 2020, to EUR 2,078 million, due to business development. The jaws effect was very positive (+4.1 points).

The cost of risk(4) improved by EUR 48 million, compared to 2020 and came to EUR 157 million (EUR 205 million in 2020).

As a result, pre-tax income of these five businesses, after allocating one third of Private Banking's domestic net income in Luxembourg to Wealth Management (International Financial Services division), came to EUR 1,608 million, up very sharply by 25.3% compared to 2020.

1 *Average fleet in thousands of vehicles.*
2 *At constant scope and exchange rates.*
3 *Since inception, in France.*
4 *Including 100% of Private Banking in Luxembourg.*

INTERNATIONAL FINANCIAL SERVICES

In millions of euros	2021	2020	2021/2020
Revenues	**15,751**	**15,938**	**-1.2%**
Operating Expenses and Dep.	(10,231)	(10,117)	+1.1%
Gross Operating Income	**5,519**	**5,821**	**-5.2%**
Cost of Risk	(1,427)	(2,775)	-48.6%
Operating Income	**4,092**	**3,046**	**+34.4%**
Share of Earnings of Equity-Method Entities	444	353	+25.8%
Other Non-operating Items	83	22	n.s.
Pre-Tax Income	**4,620**	**3,421**	**+35.0%**
Cost/Income	65.0%	63.5%	+1.5 pt
Allocated Equity *(€bn)*	29.2	29.2	+0.2%

For the whole of 2021, the International Financial Services division's business activity is at a good level. Personal Finance achieved a +11.5% increase in production compared to 2020, driven by the evolution in the public-health situation. Personal Finance maintained a sustained pace in developing partnerships. Within international networks[1], momentum in loan production was very good, and the development in fees is robust. Momentum at Wealth and Asset Management and Insurance businesses was very good. Net asset inflows were very strong (EUR 58.5 billion in 2021), and assets under management rose by 9.1% compared to 31 December 2020, on the back of favourable market trends and good management performances. Insurance activity was very strong, and Real Estate Services continued to rebound.

On 20 December 2021, the Group announced the sale of Bank of the West to BMO Financial Group, with a closing of the transaction expected late 2022[2].

IFS revenues, at EUR 15,751 million, decreased by 1.2% compared to 2020 at historical scope and exchange rates and increased by 1.7% at constant scope and exchange rates. The division was driven by growth in all asset-gathering businesses and Insurance. The context was, on the whole, less favourable for international retail networks(1) and Personal Finance.

Operating expenses, at EUR 10,231 million, rose by 1.1% at historical scope and exchange rates and by 4.2% at constant scope and exchange rates, driven by activity growth and targeted initiatives.

Gross operating income thus came to EUR 5,519 million, down by 5.2% compared to 2020.

The cost of risk, at EUR 1,427 million, improved strongly, by EUR 1,348 million from a high basis in 2020.

Pre-tax income at International Financial Services thus came to EUR 4,620 million, up sharply by 35.0% compared to 2020 at historical scope and exchange rates and by 37.6% at constant scope and exchange rates.

[1] *Europe-Mediterranean and BancWest.*

[2] *Subject to the usual suspensive conditions, including approval by the relevant regulatory and antitrust authorities; see press release of 20 December 2021.*

PERSONAL FINANCE

In millions of euros	2021	2020	2021/2020
Revenues	**5,216**	**5,485**	**-4.9%**
Operating Expenses and Dep.	(2,817)	(2,756)	+2.2%
Gross Operating Income	**2,399**	**2,729**	**-12.1%**
Cost of Risk	(1,314)	(1,997)	-34.2%
Operating Income	**1,085**	**732**	**+48.1%**
Share of Earnings of Equity-Method Entities	53	6	n.s.
Other Non-operating Items	25	(67)	n.s.
Pre-Tax Income	**1,163**	**672**	**+73.1%**
Cost/Income	54.0%	50.2%	+3.8 pt
Allocated Equity *(€bn)*	7.7	7.9	-2.6%

For the whole of 2021, Personal Finance's business drive was sustained. Loan production rose, on the back of the improvement in the public health situation (+11.5% compared to 2020), resulting in an increase in end of period loans outstanding (+0.9% compared to 2020). Average loans outstanding nevertheless decreased by 1.0% compared to 2020, due to lower production during the public health crisis.

Personal Finance revenues, at EUR 5,216 million, decreased by 4.9% compared to 2020, due in particular to the impact of negative non-recurring items in the second half of 2021, which was partially offset by the increase in production.

Operating expenses, at EUR 2,817 million, increased by 2.2% compared to 2020, due to investments and business development, which were partly offset by the improvement in operating efficiency.

Gross operating income thus came to EUR 2,399 million, down by 12.1% compared to 2020.

At EUR 1,314 million, the cost of risk decreased by EUR 683 million compared to 2020, which had reflected the impact of provisions on performing loans (stages 1 and 2) and of the new definition of default as of the fourth quarter 2020. At 141 basis points of customer loans outstanding, it was at a low level.

Personal Finance's pre-tax income thus came to EUR 1,163 million, up sharply by 73.1% compared to 2020, thanks to the decrease in the cost of risk and the significant contribution of associates.

EUROPE-MEDITERRANEAN

In millions of euros	2021	2020	2021/2020
Revenues	**1,941**	**2,362**	**-17.8%**
Operating Expenses and Dep.	(1,604)	(1,711)	-6.3%
Gross Operating Income	**337**	**651**	**-48.3%**
Cost of Risk	(144)	(437)	-66.9%
Operating Income	**192**	**214**	**-10.2%**
Non-operating Items	181	187	-2.7%
Pre-Tax Income	**374**	**401**	**-6.7%**
Income Attributable to Wealth and Asset Management	(8)	(8)	-6.4%
Pre-Tax Income	**366**	**392**	**-6.7%**
Cost/Income	82.6%	72.4%	+10.2 pt
Allocated Equity *(€bn)*	5.0	5.1	-1.9%

Including 100% of Private Banking in Turkey and in Poland for the Revenues to Pre-tax income line items.

For the whole of 2021, Europe-Mediterranean confirmed a good business momentum. Loans outstanding rose by 4.9%[1] compared to 2020. During 2021, loan production accelerated in all countries and in both individual and corporate lending (+24.1%[2] compared to 2020). Deposits increased by 7.5%(1), compared to 2020 and rose in all regions. The number of digital customers increased by 16.5% compared to 2020, at 4.3 million.

Europe-Mediterranean revenues[3], at EUR 1,941 million, decreased by 6.3%(2) compared to 2020 and were stable when excluding the impact of a non-recurring item in Poland in the fourth quarter 2021. Fees rose (+13.8%(1) compared to 2020) throughout the year, exceeding their 2019 level in the fourth quarter 2021.

Operating expenses(3), at EUR 1,604 million, increased by 5.3%(1) compared to 2020, due to high wage drift and targeted initiatives.

At EUR 144 million, the cost of risk(3) decreased strongly, by EUR 292 million compared to 2020. The cost of risk stood at 39 basis points of customer loans outstanding.

As a result, after allocating one third of Private Banking's net income in Turkey and Poland to Wealth Management, Europe-Mediterranean thus achieved pre-tax income of EUR 366 million, up by 12.4%(1) compared to 2020.

[1] At constant scope and exchange rates.
[2] At constant exchange rates, including loans to individuals and corporates in Turkey, Poland, Ukraine and Morocco.
[3] Including 100% of Private Banking in Turkey and Poland.

BANCWEST

In millions of euros	2021	2020	2021/2020
Revenues	**2,426**	**2,460**	**-1.4%**
Operating Expenses and Dep.	(1,695)	(1,723)	-1.6%
Gross Operating Income	**731**	**737**	**-0.8%**
Cost of Risk	45	(322)	n.s.
Operating Income	**777**	**415**	**+87.3%**
Non-operating Items	19	0	n.s.
Pre-Tax Income	**796**	**415**	**+91.9%**
Income Attributable to Wealth and Asset Management	(25)	(23)	+9.5%
Pre-Tax Income	**771**	**392**	**+96.6%**
Cost/Income	69.9%	70.0%	-0.1 pt
Allocated Equity *(€bn)*	5.0	5.5	-8.9%

Including 100% of US Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2021, BancWest's business drive was sustained and results increased strongly. Loan production[1] rose (+8.9%[2] compared to 2020), with in particular a very strong momentum in individual loans (+30.3%(2) compared to 2020) and small and mid-sized business loans (+5.5%(2) compared to 2020). Loans outstanding nevertheless decreased by 6.9%(2), due to the impact of economic stimulus measures and the discontinuation of a business in 2020. Deposits rose by 10.0%(2) compared to 2020 with a strong increase in customer deposits[3] (+10.5%(2) compared to 2020). Assets under management in Private Banking stood at 19.5 billion dollars as at 31 December 2021, a 16.3%(2) increase compared to 31 December 2020. The quality of service at Bank of the West was acknowledged in surveys conducted by JD Power in 2021 which ranked it first in satisfaction among individual customers and small and mid-sized companies in California.

Revenues[4], at EUR 2,426 million, increased by 2.1%(2) compared to 2020, driven by the increase in fees. Net interest income was stable. The impact of non-recurring items was positive overall.

Operating expenses(4) rose by 1.9%(2), at EUR 1,695 million, in connection with business activity. The jaws effect was positive (+0.3 point).

Gross operating income(4), at EUR 731 million, increased by 2.8%(2) compared to 2020.

With a write-back of EUR 45 million, the cost of risk(4) strongly improved by EUR 368 million compared to 2020 with releases of provisions on performing loans (stages 1 and 2) and low provisions on non-performing loans. It thus stood at a negative 9 basis points of customer loans outstanding.

Hence, after allocating one third of Private Banking's net income in the United States to Wealth Management, BancWest achieved pre-tax income of EUR 771 million, a doubling(2) of 2020 levels.

[1] *Scope: Production of loans to individuals, production and flows on SMEs and corporates excluding Paycheck Protection Program loans.*
[2] *At constant scope and exchange rates.*
[3] *Deposits excluding treasury activities.*
[4] *Including 100% of Private Banking in the United States.*

INSURANCE AND WEALTH & ASSET MANAGEMENT

INSURANCE

In millions of euros	2021	2020	2021/2020
Revenues	**2,827**	**2,725**	**+3.7%**
Operating Expenses and Dep.	(1,536)	(1,463)	+5.0%
Gross Operating Income	**1,291**	**1,263**	**+2.2%**
Cost of Risk	(1)	(1)	-4.6%
Operating Income	**1,289**	**1,261**	**+2.2%**
Share of Earnings of Equity-Method Entities	86	90	-5.0%
Other Non-operating Items	(6)	31	n.s.
Pre-Tax Income	**1,368**	**1,382**	**-1.0%**
Cost/Income	54.3%	53.7%	+0.6 pt
Allocated Equity *(€bn)*	9.4	8.6	+8.8%

WEALTH & ASSET MANAGEMENT

In millions of euros	2021	2020	2021/2020
Revenues	**3,422**	**2,982**	**+14.7%**
Operating Expenses and Dep.	(2,628)	(2,510)	+4.7%
Gross Operating Income	**794**	**472**	**+68.2%**
Cost of Risk	(12)	(17)	-31.3%
Operating Income	**782**	**455**	**+72.0%**
Share of Earnings of Equity-Method Entities	72	64	+12.0%
Other Non-operating Items	98	65	+51.5%
Pre-Tax Income	**951**	**583**	**+63.2%**
Cost/Income	76.8%	84.2%	-7.4 pt
Allocated Equity *(€bn)*	2.1	2.0	+3.8%

As at 31 December 2021, assets under management[1] stood at EUR 1,271 billion. They rose by 9.1% compared to 31 December 2020, mainly due to a favourable market performance impact of EUR 59.4 billion and good management performances. They also benefited from a favourable exchange rate impact of EUR 15.9 billion. The scope impact was negative (-EUR 27.8 billion), due in particular to the first quarter 2021 sale of a BNP Paribas Asset Management stake. The very good level of net asset inflows (EUR 58.5 billion in 2021) was driven by all businesses, particularly Wealth Management in Europe, especially in Germany, France and Italy, as well as in Asia; by very strong net asset inflows in Asset Management into the medium- and long-term vehicles, particularly in thematic funds; by a strong rebound of net asset inflows in money-market vehicles in the fourth quarter 2021; and by very good net asset inflows in Insurance, in particular in France, Italy and Luxembourg, especially in unit-linked products.

[1] *Including distributed assets.*

As at 31 December 2021, assets under management(1) were split as follows: EUR 567 billion at Asset Management (including EUR 30 billion at Real Estate Investment Management), EUR 422 billion at Wealth Management and EUR 282 billion at Insurance.

For the whole of 2021, business drive was strong at Insurance. Thanks to the diversification of the model, its business activity continues to pick-up. The performance in Savings was sustained both in France and internationally, particularly in Italy and Luxembourg, with gross asset inflows up sharply (+42.2% compared to 2020) and the vast majority of net asset flows in unit-linked products. Protection continued to increase in France as well as internationally, in particular in Latin America and Asia. Insurance also continued to develop partnerships, renewing in 2022 a global long-term agreement with Volkswagen Financial Services to provide insurance products in 16 countries.

Insurance revenues, at EUR 2,827 million, increased by 3.7% compared to 2020, thanks to sustained growth in Savings and good momentum in Protection, despite the impact of claims. Operating expenses, at EUR 1,536 million, increased by 5.0% compared to 2020, driven by business activity and targeted projects. At EUR 1,368 million, pre-tax income decreased by 1.0% compared to 2020.

For the whole of 2021, performances were very good at Wealth and Asset Management businesses. Wealth Management improved with very good net asset inflows that were higher than in 2020. Financial fees rose with the increase in outstandings and transaction volumes. Asset Management activity was very robust, with very strong net asset inflows (+EUR 34.7 billion), mainly in medium- and long-term vehicles. Real Estate Services continues to recover, in particular with a marked rebound in Advisory in France, the United Kingdom and Germany.

At EUR 3,422 million, Wealth and Asset Management revenues increased by 14.7% compared to 2020 and were up in all businesses. They were driven by growth in fees as well as revenues related to loan activity in Wealth Management, the very strong increase in Asset Management revenues on the back of strong net asset inflows and performance effect, and rose sharply in Real Estate Services, particularly in Advisory. At EUR 2,628 million, operating expenses rose by 4.7% compared to 2020, due to higher volumes in all businesses. The jaws effect was positive in all businesses, and very positive in particular at Asset Management and Real Estate Services (+10.1 points overall). 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, came to EUR 951 million. It was up sharply, by 63.1% compared to 2020, driven by the strong increase in all businesses, in particular Asset Management and Real Estate Services.

CORPORATE AND INSTITUTIONAL BANKING (CIB)

In millions of euros	2021	2020	2021/2020
Revenues	**14,236**	**13,763**	**+3.4%**
Operating Expenses and Dep.	(9,400)	(8,920)	+5.4%
Gross Operating Income	**4,836**	**4,843**	**-0.1%**
Cost of Risk	(173)	(1,424)	-87.9%
Operating Income	**4,664**	**3,419**	**+36.4%**
Share of Earnings of Equity-Method Entities	33	11	n.s.
Other Non-operating Items	24	24	+2.3%
Pre-Tax Income	**4,721**	**3,454**	**+36.7%**
Cost/Income	66.0%	64.8%	+1.2 pt
Allocated Equity *(€bn)*	26.2	24.5	+7.1%

GLOBAL MARKETS

In millions of euros	2021	2020	2021/2020
Revenues	**6,820**	**6,819**	**+0.0%**
incl. FICC	*3,947*	*5,652*	*-30.2%*
incl. Equity & Prime Services	*2,872*	*1,166*	*n.s.*
Operating Expenses and Dep.	(4,887)	(4,452)	+9.8%
Gross Operating Income	**1,933**	**2,367**	**-18.3%**
Cost of Risk	27	(117)	n.s.
Operating Income	**1,960**	**2,250**	**-12.9%**
Share of Earnings of Equity-Method Entities	14	1	n.s.
Other Non-Operating Items	5	3	+66.5%
Pre-Tax Income	**1,979**	**2,254**	**-12.2%**
Cost/Income	71.7%	65.3%	+6.4 pt
Allocated Equity *(€bn)*	10.7	10.0	+6.5%

SECURITES SERVICES

In millions of euros	2021	2020	2021/2020
Revenues	**2,329**	**2,217**	**+5.1%**
Operating Expenses and Dep.	(1,874)	(1,845)	+1.6%
Gross Operating Income	**456**	**372**	**+22.4%**
Cost of Risk	1	1	-9.6%
Operating Income	**457**	**373**	**+22.3%**
Non-Operating Items	27	21	+31.7%
Pre-Tax Income	**484**	**394**	**+22.8%**
Cost/Income	80.4%	83.2%	-2.8 pt
Allocated Equity *(€bn)*	1.2	1.0	+26.2%

CORPORATE BANKING

In millions of euros	2021	2020	2021/2020
Revenues	**5,087**	**4,727**	**+7.6%**
Operating Expenses and Dep.	(2,639)	(2,623)	+0.6%
Gross Operating Income	**2,448**	**2,104**	**+16.3%**
Cost of Risk	(201)	(1,308)	-84.7%
Operating Income	**2,247**	**796**	**n.s.**
Non-Operating Items	11	9	+22.6%
Pre-Tax Income	**2,259**	**806**	**n.s.**
Cost/Income	51.9%	55.5%	-3.6 pt
Allocated Equity *(€bn)*	14.3	13.5	+6.3%

For the whole of 2021, CIB achieved a very strong activity in all client segments. In 2021, ranked No. 3 in EMEA and was the first European CIB[1].

In its financing businesses, the total volume of BNP Paribas-led transactions was higher than in 2020, driven mainly by equity issuance[2]. Clients' activity normalised on the currency, bond and rate markets after the exceptional 2020 market circumstances. Clients' activity was strong on the equity markets and in prime services. And Securities Services achieved a steady expansion in assets, with a high level of transaction volumes throughout 2021.

CIB closed two strategic deals in 2021 – fully consolidating Exane, effective 1 July 2021; and completing on schedule the transfers of systems, clients and key staff from Deutsche Bank's prime brokerage and electronic execution systems.

CIB achieved a robust performance, thanks to its diversification. CIB revenues thus rose by 3.4% (+4.1% at constant scope and exchange rates) compared to the high 2020 base and rose strongly, by 17.8% compared to 2019.

Corporate Banking revenues rose by 7.6% compared to 2020 and rose sharply, by 18.0% compared to 2019. Revenues rose in all regions, driven by a strong increase in the contribution of the Capital Markets platform (+9.6% compared to 2020) and the sustained increase in trade finance and cash management (+10.6% compared to 2020). Volumes were driven up by a 2.8% increase in financing raised for clients worldwide on the credit, bond and equity markets compared to 2020(2), to more than EUR 410 billion. Loans outstanding have risen steadily since the late 2020 through and stood at EUR 161 billion in the fourth quarter 2021, a 9.2% increase compared to the fourth quarter 2020. After the third quarter 2020 spike caused by the public health crisis, deposits are gradually returning to normal, reaching EUR 185 billion in the fourth quarter 2021, 1.5% lower than in the fourth quarter 2020.

Backed by the diversification of its franchises, Global Markets' revenue, were stable at EUR 6,820 million, compared to the very high base of 2020 and rose sharply by 22.4% compared to 2019. They were driven in particular by sustained client activity on the equity markets, with continued strong activity in derivatives, structured products in particular, and growth in prime brokerage. The context was more challenging on the rates and currency markets but remained good in commodities. The level of BNP Paribas-led bond issuance worldwide was good. VaR (1 day, 99%), a measure of market risks, came to EUR 32 million, back to its level preceding the spikes of volatility triggered by the public health crisis in 2020, with a slight increase in commodities.

FICC[3] revenues normalised at a good level compared to a very high 2020 base, in particular on rates and in a more challenging environment in the fourth quarter 2021. At EUR 3,947 million, they decreased by 30.2% compared to 2020, but rose sharply, by 10.8%, compared to 2019.

Equity & Prime Services revenues rose by 2.5-fold compared to 2020, to EUR 2,872 million. They rose by 43.1% compared to 2019. They were driven by strong growth in equity derivatives, a good contribution of about EUR 190 million by BNP Paribas Exane in the second half of 2021 and very good momentum in prime brokerage.

Securities Services revenues rose by 5.1% compared to 2020, driven by the platform's strong and steady growth. With the onboarding of new clients, and, in particular, a very significant mandate (more than EUR 400 billion in assets) in the euro zone, volumes rose to record levels, with a 15.9% increase in average assets compared to 2020. Transaction volumes rose sharply, by 10.4% compared to 2020. Securities Services continued to expand throughout 2021, including the closing of the acquisition of Banco Sabadell's depositary bank business (EUR 21 billion in assets) in the second quarter 2021.

CIB's operating expenses, at EUR 9,400 million, rose by 5.4% compared to 2020 (+4.0% at constant scope and exchange rates), related to the development of activity, targeted investments and the impact of taxes subject to IFRIC 21 (+EUR 95 million compared to 2020).

At EUR 4,836 million in 2021, CIB's gross operating income was almost stable compared to 2020 (-0.1% compared to 2020).

At 173 million, CIB's cost of risk was very low. It improved by EUR 1,252 million compared to 2020, with a provision of EUR 201 million at Corporate Banking (or 13 basis points of customer loans outstanding) on the back of a limited number of new defaults and some releases of provisions on performing loans (stages 1 and 2), and a write-back of EUR 27 million at Global Markets.

CIB thus achieved pre-tax income of EUR 4,721 million, up very sharply by 36.7% compared to 2020.

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[1] Source: Coalition Greenwich Competitor Analytics. Ranking includes the banks of the Coalition index. EMEA: Europe, Middle East and Africa.
[2] Source: Dealogic as at 30.12.21, bookrunner in volume, apportioned amounts.
[3] Fixed Income, Currencies, and Commodities.

CORPORATE CENTRE

In millions of euros	2021	2020
Revenues	**512**	**(358)**
Operating Expenses and Dep.	(1,007)	(890)
Incl. Transformation, IT Reinforcement, Restructuring and Adaptation Costs	*(292)*	*(389)*
Gross Operating Income	**(495)**	**(1,249)**
Cost of Risk	(153)	(72)
Operating Income	**(647)**	**(1,321)**
Share of Earnings of Equity-Method Entities	16	54
Other Non-operating Items	775	939
Pre-Tax Income	**144**	**(327)**

Corporate Centre's revenues came to EUR 512 million compared to -EUR 358 million in 2020, which had reflected the -104 million euro accounting impact of a swap set up for the transfer of an activity and the -39 million euro impact of the revaluation of proprietary credit risk included in derivatives. In 2021, Corporate Centre revenues were driven by the very strong improvement at Principal Investments, which rebounded from its 2020 level, by the 58 million euro capital gain realised on the sale of a 4.99% stake in SBI Life and by the cumulative 86 million euro accounting impact of a swap[1] set up for the transfer of an activity.

Corporate Centre's operating expenses came to EUR 1,007 million in 2021, EUR 890 million in 2020, reflecting an increase in 2021 in taxes subject to IFRIC 21. They reflected the exceptional impact of EUR 164 million in restructuring costs[2] and cost-adaptation costs[3] (EUR 211 million in 2020) and EUR 128 million in IT reinforcement costs (EUR 178 million in 2020). In 2020, they also reflected the exceptional impact of EUR 132 million in donations and staff-safety measures related to the public health crisis.

The cost of risk was EUR 153 million, EUR 72 million in 2020.

Other non-operating items came to EUR 775 million in 2021, EUR 939 million in 2020. They reflected the exceptional +486 million euro impact of capital gains on building sales (+EUR 699 million in 2020), the exceptional +444 million euro[4] impact of capital gains on the sale of Allfunds shares (+EUR 371 million in 2020), and the negative impact of depreciations for a total of EUR 74 million. In 2020 they had included goodwill impairments (-EUR 130 million).

Pre-tax income of Corporate Centre thus came to EUR 144 million, *vs.* -EUR 327 million in 2020.

[1] Expired with the finalisation of the operation.
[2] Restructuring costs related in particular to the discontinuation or restructuring of certain businesses (in particular at CIB).
[3] Related in particular to Wealth Management, BancWest and CIB.
[4] Disposal of 8.69% stake in Allfunds, BNP Paribas still holds a 13.81% stake in Allfunds.

3.3 Balance sheet

ASSETS

OVERVIEW

As at 31 December 2021, the total consolidated balance sheet of the BNP Paribas Group amounted to EUR 2,634.4 billion, up by 6% from 31 December 2020 (EUR 2,488.5 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, accounted for 93% of total assets at 31 December 2021 (96% at 31 December 2020). The 6% increase in assets is mainly due to the evolution of:

- cash and balances at central banks which increased by 13% (+EUR 39.2 billion, or EUR 347.9 billion as at 31 December 2021);
- loans and advances to customers which increased by 1% (+EUR 4.5 billion, or EUR 814 billion as at 31 December 2021);
- financial investments of insurance activities which increased by 6% (+EUR 15.4 billion, or EUR 280.8 billion as at 31 December 2021);
- accrued income and other assets which increased by 27% (+EUR 38.2 billion, or 179.1 billion as at 31 December 2021);
- assets held for sale which increased by EUR 91.3 billion according to the reclassification required by IFRS 5 of BancWest's assets as detailed in note 7.d to the consolidated financial statements, of which EUR 50 billion are loans and advances to customers.

Before IFRS 5 reclassification, loans and advances to customers increased by 7% (+EUR 54.5 billion).

CASH AND BALANCES AT CENTRAL BANKS

Cash and central banks accounted for EUR 347.9 billion at 31 December 2021, up by 13% from 31 December 2020 (EUR 308.7 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, financial derivatives and certain assets not held for trading purposes, whose 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 decreased by 1% (-EUR 7.8 billion) compared to 31 December 2020.

This decrease is mainly due to the diminution in derivative financial instruments by 13% (-EUR 36.4 billion to EUR 240.4 billion at 31 December 2021), partially offset by the 14% increase in securities (+EUR 23.6 billion to EUR 191.5 billion at 31 December 2021), and the increase in loans and repurchase agreements by 2% (+EUR 4.9 billion to EUR 249.8 billion at 31 December 2021).

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 814 billion as at 31 December 2021, compared to EUR 809.5 billion as at 31 December 2020, increasing by +0.6%. This is due to the increase on demand accounts, which amounted to EUR 49.3 billion as at 31 December 2021, increasing by +44% compared to 2020 compensated by the decrease in loans to customers (-1.6%, *i.e.* EUR 724.4 billion as at 31 December 2021, compared to EUR 735.9 billion as at 31 December 2020). Impairment provisions were down to EUR 19.9 billion as at 31 December 2021, compared to EUR 21.4 billion as at 31 December 2020.

This variation includes the reclassification of EUR 50 billion of BancWest's loans and advances to customers into "Assets held for sale" as required by IFRS 5.

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 108.5 billion at 31 December 2021 (net of impairment), compared with EUR 118.3 billion at 31 December 2020, thus decreasing by 8%.

This variation includes the reclassification of EUR 15.7 billion of BancWest's debt securities into "Assets held for sale" as required by IFRS 5.

Debt securities at fair value through equity

These assets are measured at market or model value through equity at each balance sheet date. They decreased by EUR 17 billion between 31 December 2020 and 31 December 2021, amounting to EUR 39 billion.

Debt securities at fair value through equity posted an unrealised gain of -EUR 1 million at 31 December 2021, compared with EUR 613 million at 31 December 2020, a decrease of EUR 614 billion.

FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

Financial investments of insurance activities include:

- financial instruments that remain recognised in accordance with IAS 39 (note 1.f to 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 280.8 billion at 31 December 2021, an increase of 5.8% compared to 31 December 2020. This increase is mainly due to an increase of 16% in financial instruments designated as at fair value through profit or loss (EUR 138.0 billion at 31 December 2021, compared with EUR 119.0 billion at 31 December 2020), and to a decrease of 2.5% in available-for-sale financial assets (EUR 127.4 billion at 31 December 2021, compared to EUR 130.6 billion at 31 December 2020).

Financial assets available for sale have an unrealised gain of EUR 12.7 billion at 31 December 2021, compared with EUR 17.1 billion at 31 December 2020, a decrease of EUR 4.4 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 179.1 billion at 31 December 2021, compared with EUR 140.9 billion at 31 December 2020, up 27.1%. This increase is in particular related to guarantee deposits and bank guarantees paid, up by EUR 32.9 billion (+31.9%).

LIABILITIES

OVERVIEW

The Group's liabilities (excluding equity) amounted to EUR 2,511.9 billion at 31 December 2021 (including EUR 74.4 billion of Liabilities associated with assets held for sale), up by 6% from 31 December 2020 (EUR 2,371.1 billion). The Group's main liabilities consist of financial instruments at fair value through profit or loss, deposits from customers and from credit institutions, debt securities, accrued expenses and other liabilities, and technical reserves and other insurance liabilities, which, together, accounted for 95% of the Group's total liabilities (excluding shareholders' equity) at 31 December 2021 (98% at 31 December 2020). The 6% increase in liabilities is mainly due to the evolution of:

- deposits from credit institutions which increased by 12% (+EUR 18 billion, or EUR 165.7 billion as at 31 December 2021);
- deposits from customers which increased by 2% (+EUR 16.7 billion, or EUR 957.7 billion as at 31 December 2021);
- accrued expenses and other liabilities which increased by 35% (+EUR 37.6 billion, or EUR 145.4 billion as at 31 December 2021);
- technical reserves and other insurance liabilities which increased by 6% (+EUR 14.1 billion, or EUR 254.8 billion as at 31 December 2021);
- financial instruments at fair value through profit or loss which decreased by 2% (-EUR 15.9 billion, or EUR 713.6 billion as at 31 December 2021);
- liabilities associated with assets held for sale which increased by EUR 74.4 billion according to the reclassification required by IFRS 5 of BancWest's liabilities as detailed in note 7.d to the consolidated financial statements, of which EUR 72.6 billion are deposits from customers.

Before IFRS 5 reclassification, deposits from customers increased by 9% (+EUR 89.3 billion).

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 or model value through profit or loss decreased by 2% (-EUR 15.9 billion) compared to 31 December 2020, related mainly to the 16% decrease in the financial derivatives (-EUR 45.2 billion to EUR 237.4 billion at 31 December 2021), partially offset by the 19% increase in securities (+EUR 18.1 billion to EUR 112.3 billion at 31 December 2021), the 10% increase in issued debt securities (+EUR 6.3 billion to EUR 70.4 billion at 31 December 2021), and the 2% increase in repurchase agreement operations (+EUR 4.9 billion to EUR 293.5 billion at 31 December 2021).

DEPOSITS FROM CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of interbank borrowings, demand deposits and repurchase agreements. Amounts due to credit institutions increased by 12% or EUR 18 billion to EUR 165.7 billion as at 31 December 2021. This increase mainly results from the 13% increase in interbank borrowings (EUR 131 billion as at 31 December 2020 compared to EUR 147.6 billion as at 31 December 2021).

DEPOSITS FROM CUSTOMERS

Deposits from customers consist primarily of on-demand deposits, term accounts, savings accounts and repurchase agreements. Deposits from customers amounted to EUR 957.7 billion, up by EUR 16.7 billion from 31 December 2020. This is due to the 3.5% increase in on-demand accounts (a EUR 21.5 billion rise, to EUR 635 billion as at 31 December 2021).

This variation includes the reclassification of EUR 72.6 billion of BancWest's deposits from customers into "Liabilities associated with assets held for sale" as required by IFRS 5.

DEBT SECURITIES

This category includes negotiable certificates of deposit and bond issues but does not include debt securities classified as financial liabilities at fair or model value through profit or loss (see note 4.h to the consolidated financial statements). Debt securities rose from EUR 148.3 billion at 31 December 2020 to EUR 149.7 billion at 31 December 2021.

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 145.4 billion at 31 December 2021, compared with EUR 107.8 billion at 31 December 2020, an increase of 34.8%. This increase is mainly due to guarantee deposits received (up by EUR 40.5 billion, or 65.9%) as well as accrued expenses and deferred income (up by 15.5%, or +EUR 1 billion). Other creditors and miscellaneous liabilities decreased by EUR 3.2 billion, or -9.8%.

TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

Technical reserves of insurance companies increased by 5.9% compared to 31 December 2020 and amounted to EUR 254.8 billion at 31 December 2021 (EUR 240.7 billion at 31 December 2020), mainly due to the increase in liabilities related to insurance contracts.

MINORITY INTERESTS

Minority interests amounted to EUR 4.6 billion at 31 December 2021 (unchanged from 31 December 2020).

SHAREHOLDERS’ EQUITY

Shareholders’ equity (before dividend payout) amounted to EUR 117.9 billion at 31 December 2021, compared with EUR 112.8 billion at 31 December 2020. This EUR 5.1 billion increase is mainly attributable to the profit of the period which amounted to EUR 9.5 billion and to the appropriation of net income for 2020 of -EUR 3.3 billion.

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 16 billion compared to 31 December 2020, to EUR 366 billion at 31 December 2021.

Financing commitments given to customers rose by 6% to EUR 362.9 billion at 31 December 2021 and those given to credit institutions decreased by EUR 3.1 billion to EUR 3.5 billion at 31 December 2021.

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 16%, to EUR 45.4 billion at 31 December 2021, compared with EUR 54.1 billion at 31 December 2020.

GUARANTEE COMMITMENTS

Guarantee commitments given rose by EUR 6% to EUR 171 billion at 31 December 2021 (compared with EUR 161 billion at 31 December 2020); this increase comes from the guarantee commitments given to customers (an increase of 18% to EUR 141 billion at 31 December 2021), while guarantee commitments to credit institutions decreased by 26% to EUR 30.2 billion at 31 December 2021 (compared with EUR 40.9 billion at 31 December 2020).

3.4 Profit and loss account

The information and financial elements contained in this note reflect an operational view and include BancWest's activity within the various income statement aggregates.

REVENUES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020	Change (2021/2020)
Net interest income	21,209	21,312	-0.5%
Net commission income	10,717	9,862	8.7%
Net gain on financial instruments at fair value through profit or loss	7,681	6,861	12.0%
Net gain on financial instruments at fair value through equity	181	249	-27.3%
Net gain on derecognised financial assets at amortised cost	36	36	0.0%
Net income from insurance activities	4,332	4,114	5.3%
Net income from other activities	2,079	1,841	12.9%
REVENUES	**46,235**	**44,275**	**4.4%**

OVERVIEW

The increase of +EUR 1.9 billion in the Group's revenues between 2020 and 2021 was mainly due to the increase of +EUR 0.9 billion in net commission income and +EUR 0.8 billion in net gain on financial instruments at fair value through profit or loss.

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 decreased by -0.5% to EUR 21,209 million for the year ended 31 December 2021. This variation is mainly attributable to the decrease in net income from debt securities at amortised cost and at fair value through equity (EUR 2,019 million in 2021, compared with EUR 2,563 million in 2020) the decrease in net expense on debt issued by the Group (-EUR 1,863 million for the year ended 31 December 2021, compared with -EUR 2,357 million for the year ended 31 December 2020), and the decrease in income from loans, deposits and borrowings (EUR 18,065 million for the year ended 31 December 2021, compared with EUR 18,333 million for the year ended 31 December 2020).

Besides, expense on financial instruments designated as at fair value through profit or loss decreased from -EUR 302 million in 2020 to -EUR 163 million in 2021 and net revenues of cash flow hedge instruments decreased by -EUR 80 million compared with the year ended 31 December 2020.

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 8.7%, from EUR 9,862 million in 2020 to EUR 10,717 million in 2021.

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 at fair or model value through profit or loss increased by 12% from EUR 6,861 million in 2020 to EUR 7,681 million in 2021.

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 181 million in 2021 and EUR 249 million in 2020.

NET INCOME FROM INSURANCE ACTIVITIES

Net income from insurance activities increased by 5.3% compared to 2020, amounting to EUR 4,332 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 an increase in net gains from financial investments, which correspond to a net gain of EUR 14,503 million in 2021 and to a net gain of EUR 4,610 million in 2020, offset by an increase in technical charges, amounting to -EUR 35,848 million in 2021, compared to -EUR 19,664 million in 31 December 2020.

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 increased by 12.9%, from EUR 1,841 million in 2020 to EUR 2,079 million in 2021. This change is mainly due to a EUR 286 million increase in Net income from assets held under operating leases.

OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020	Change (2021/2020)
Salary and employee benefit expense	(17,377)	(16,946)	3%
Other operating expenses	(11,234)	(10,809)	4%
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(2,500)	(2,439)	3%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(31,111)**	**(30,194)**	**3%**

Operating expenses, depreciation and amortisation increased by 3%, from EUR 30,194 million in 2020 to EUR 31,111 million in 2021.

GROSS OPERATING INCOME

The Group's gross operating income rose by 7% to EUR 15,124 million for the year ended 31 December 2021 (compared with EUR 14,081 million for the year ended 31 December 2020), mainly due to the increase in revenue (+4%).

COST OF RISK

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020	Change (2021/2020)
Net allowances to impairment	(2,620)	(5,358)	-51%
Recoveries on loans and receivables previously written off	406	457	-11%
Irrecoverable loans and receivables not covered by impairment provisions	(711)	(816)	-13%
TOTAL COST OF RISK FOR THE PERIOD	**(2,925)**	**(5,717)**	**-49%**

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 amounted to EUR 2,925 million in 2021, a decrease of 49% compared to 2020.

The decrease in cost of risk in 2021 is mainly due to the decrease of EUR 1,482 million in cost of risk related to assets and commitments classified in stage 1 and 2 and a decrease of EUR 1,310 million in cost of risk related to impaired assets and commitments (stage 3).

As at 31 December 2021, the total amount of doubtful loans, securities and commitments, net of collateral, amounted to EUR 21.8 billion (compared to EUR 23.3 billion as at 31 December 2020), and the related impairment amounted to EUR 16.1 billion, compared to EUR 16.7 billion as at 31 December 2020. The coverage ratio was at 74% at 31 December 2021, compared to 71% at 31 December 2020.

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 increased by 46%, from EUR 8,364 million in 2020 to EUR 12,199 million in 2021. This increase mainly resulted from the improvement in the cost of risk (-49%).

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020	Change (2021/2020)
OPERATING INCOME	**12,199**	**8,364**	**46%**
Share of earnings of equity-method entities	494	423	17%
Net gain on non-current assets	853	1,030	-17%
Goodwill	91	5	x18,2
Corporate income tax	(3,757)	(2,407)	56%
Net income attributable to minority interests	(392)	(348)	13%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**9,488**	**7,067**	**34%**

SHARE OF EARNINGS OF EQUITY-METHOD ENTITIES

The share of earnings of equity-method entities increased from EUR 423 million in 2020 to EUR 494 million in 2021.

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 177 million (EUR 853 million in 2021 compared with EUR 1,030 million in 2020). The main capital gains realised relate to the partial disposal of Allfunds Group Plc for EUR 444 million and to disposals on operating building in 2021 for EUR 486 million and gain and losses of disposals on operating building in 2020 for EUR 699 million.

CHANGE IN VALUE OF GOODWILL

Changes in the value of goodwill amounted to EUR 91 million in 2021 (including EUR 111 million of negative goodwill on the take of exclusive control on Verner Investissements), compared with EUR 5 million in 2020.

INCOME TAX EXPENSE

The Group recorded an income tax expense of EUR 3,757 million in 2021, an increase compared with the income tax expense of EUR 2,407 million recorded in 2020.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies increased by EUR 44 million (to EUR 392 million in 2021 compared with EUR 348 million in 2020).

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 3rd amendment to the 2020 universal registration document issued on 20 April 2022 that should be mentioned in this section.

3.6 Outlook

2022 TRENDS

On 8 February 2022, the Group presented the main areas and priorities of its strategic plan for 2025 as well as its financial ambitions. This presentation is available on the investors' website https://invest.bnpparibas.com.

2022-2025 STRATEGIC PLAN[1]

Growth, Technology & Sustainability 2025

The BNP Paribas Group has built up a model, integrated and diversified, that has proven its performance in all environments. It endows the Group with a clear competitive advantage and a unique positioning.

BNP Paribas has built up leading positions, in particular in Europe, with solid client franchises and powerful platforms, which are strategically aligned to better serve clients and partners over the long term.

BNP Paribas relies on leading platforms, notably in Europe: in flow businesses (cash management, trade finance and factoring); in capital market businesses; in specialised businesses, for instance in full-service leasing with Arval, or in sustainable investment management. These fully integrated platforms provide the ability to serve clients in a comprehensive and unique way in Europe and internationally and hence to develop strong client franchises, in particular in the corporate, institutional, Private Banking and affluent segments.

This approach, global and complete, thus enables to build up strong relationships with clients, accompanying their development throughout economic cycles, creating multiple and diversified growth opportunities. It also provides stronger earnings stability in all environments, and ensures growth at marginal cost.

This distinctive model translates in an organisation based on three solid pillars, fully integrated focussing on the needs of clients and partners: Corporate & Institutional Banking (CIB); Commercial & Personal Banking and Services (CPBS), which encompasses all the Group's Commercial and personal banking[2] as well as specialised businesses[3] such as BNP Paribas Personal Finance or Arval; and Investment & Protection Services (IPS), which brings together Wealth and Asset Management businesses[4] and Insurance.

This model has proven its ability to grow as well as the strength of its integration. The balance of the Group in terms of P&L is maintained with Corporate & Institutional Banking representing 35% of operating income in 2021, Commercial and Personal banking, 29% of operating income in 2021, and the specialised businesses of CPBS and IPS (36% of operating income in 2021).

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1 *As presented on 8 February 2022.*
2 *Commercial & Personal Banking in France (previously French Retail Banking), Commercial & Personal Banking in Belgium (previously Belgian Retail Banking), BNL banca commerciale, Commercial & Personal Banking in Luxembourg (previously Luxembourg Retail Banking), Europe-Mediterranean and BancWest.*
3 *Arval & Leasing Solutions, BNP Paribas Personal Finance, New Digital Businesses (including Nickel) and Personal Investors.*
4 *Wealth Management, Asset Management, Real Estate and Principal Investments.*

As a result, despite an unfavourable environment, multiple headwinds and the shock of the public health crisis in 2020 and 2021, the Group in 2021 achieved or even exceeded the main objectives it laid out in its 2017-2020 Development Plan with a one-year shift only: a Common Equity Tier 1 ratio of 12.9%; a return on tangible equity[1] of 10.0% calculated on the basis (*vs.* an objective of 10.0% based on a targeted CET1 ratio of 12.0%) and a pay-out ratio of 60% as of 2021[2].

Leveraging on the strengths of its platforms and favourably positioned client franchises with the full benefit of its integrated and transformed operating model, the Group is ideally placed to deliver profitable growth, while making technology and industrialisation a hallmark of its development, scaling up sustainable finance and social and environmental responsibility as well as developing its employees' potential and engagement.

Accordingly, and building on the strength of its model, the Group shall maintain a disciplined organic growth while gaining market share at marginal cost, thus generating new growth opportunities and substantial economies of scale.

BNP Paribas thus reaffirms the importance and relevance of the pillars that have structured its development and its value creation model, with the objective of ensuring that growth in revenues outstrips growth in operating expenses and growth in risk-weighted assets[3], along with a ROTE[4] above the cost of capital in 2025.

Based on conservative macroeconomic assumptions, the Group expects to continue benefiting from its distinctive model amidst an economic recovery with still short-term pressures. On average, the Group's objective is revenue growth of more than 3.5% annually with positive jaws effects of more than 2 points[5] on average.

The plan takes into account the achievement of the ramp-up of the Single Resolution Fund in 2023. It nonetheless includes an assumption of a stabilisation of similar contributions to local levies at EUR 200 million annually from 2024 on.

The Group is thus targeting an average annual growth in net income of more than 7% throughout the period, thus raising its ROTE to more than 11%, while maintaining a target CET1 ratio of 12% in 2025, including the full impact of the Basel 3 finalisation (CRR3).

In addition, the Group will benefit from a Common Equity Tier 1 ratio that, at the start of the plan, came to 12.9%[6], a level that, in itself, would be sufficient to absorb the full impact of regulatory constraints arising from the finalisation of Basel 3 (CRR3), estimated by the Group at 8% of risk-weighted assets in 2025.

The Group's financial solidity as the plan begins, along with the increase in ROTE should allow the Group to fuel profitable and balanced growth of the Group's businesses, while raising the pay-out ratio to 60%, including a minimum cash pay-out of 50%[7].

The evolution objectives presented continue to apply on the Group perimeter without Bank of the West's contribution. However, they do not reflect the positive impact that is expected to result from the progressive redeployment of the capital which shall be released by the sale of Bank of the West[8].

The Group anticipates that the gradual and disciplined redeployment of the remaining proceeds, after the offsetting of the expected dilution of the earnings per share by a share buyback program, should result in an additional increase of more than 5% in earnings per share by 2025, given the diversification of the Group.

Technology and industrialisation at the heart of our model

The Group has implemented a transformation plan in all its businesses, aiming to establish a new customer and employee experience, to accelerate digitalisation, and to improve operational efficiency. The successful 2017-2020 plan resulted in a decrease of the cost-income ratio by more than 2 points between 2017 and 2021 and recurring cost savings of almost EUR 3.1 billion (*vs.* an initial objective of EUR 2.7 billion).

Industrialisation of processes combined with strong digitalisation of customer interactions, (digital interactions tripled at Domestic Markets between 2017 and 2021), a gradual deployment of smart sourcing with now more than 18,000 employees in shared service centres, an intense use of artificial intelligence, with more than half of use cases dedicated to operating efficiency in 2021, have been key levers contributing structurally to the Group's operational efficiency and enhancing customer and employee experiences.

Technology and industrialisation will continue to serve as the foundation of the Group's model, increasing its operational efficiency, enhancing customer efficiency and ability to better serve clients and partners.

Six levers will contribute to delivering positive jaws effects throughout the period of the plan. These are: intensive use of artificial intelligence, data and robotics; a strong deployment of a secured use of cloud technologies; a broad *APIsation* of the IT system; the use of smart sourcing and the roll-out of pooled service centres; an amplification of the "make/buy/share" strategy; and an accelerated convergence of European technological platforms.

1 *Return on tangible equity, non-revaluated.*
2 *Including the share buyback executed in 4Q21 and subject to the approval of the General Meeting of 17 May 2022.*
3 *Calculated in accordance with CRR2.*
4 *Return on tangible equity with the full impact of the finalisation of Basel 3 (CRR3).*
5 *2021-2025 CAGR of revenues less 2021-2025 CAGR of operating expenses.*
6 *As at 31 December 2021.*
7 *Subject to the approval of the General Meeting.*
8 *As at 17 December 2021; see 20 December 2021 press release.*

These initiatives, implemented by all divisions, will sustain the ability of the Group to deliver an average positive jaws effect[1] of more than 2 points and an improvement in the cost/income ratio of all divisions. They will also sustain the creation of enough manoeuvring room to self-fund the transformation of activities and investments tied to business lines. An annual budget of EUR 400 million, unchanged *vs.* 2020 and 2021, will be maintained to fund costs related to the reinforcement of the Group's IT system as well as restructuration and adaptation costs. These costs will be offset by capital gains.

Scaling up sustainable finance and social and environmental responsibility

The Group will be guided by three major strategic paths in accelerating its commitments to sustainable finance and social and environmental responsibility, along with the five priority areas aligned with the customer objectives and the United Nations' Sustainable Development Goals – savings, investments and sustainable financing; transition towards carbon neutrality; circular economy; natural capital & biodiversity; and combatting exclusion.

It will undertake an alignment of portfolios to achieve carbon-neutrality objectives while laying out a CO_2 emissions reduction trajectory corresponding to financing of the sectors with the highest levels of emissions and aligning business lines with shared objectives taking into account client transitions.

The integrated model and all businesses will be fully mobilised and committed to supporting clients in the transition towards a sustainable and low-carbon economy through, in particular, the Low-Carbon Transition Group, an organisation of 250 professionals dedicated to support clients in accelerating their transition.

Lastly, the Group will strengthen its processes and steering tools to support evolving needs and standards, and will strengthen its governance.

Hence, the Group aims to mobilise EUR 350 billion by 2025 through loans and bond issues covering environmental and social topics[2], as well as to reach EUR 300 billion in sustainable and responsible investments by 2025[3].

Development strategies individualised by division

On the back of performing and nimble bank and services, trusted companions, for & beyond banking, **Commercial, Personal Banking and Services (CPBS)**(4) will further improve the recommendation from customers and employees, simplify and broaden its offering of products and services through an industrialised and resilient operating model combined with client relationships supported by a new balance between human and digital.

CPBS(4) will strengthen its leadership in Europe in corporate and Private Banking and accelerate the profitable growth of its specialised businesses at marginal cost. As Retail Banking activities are still facing headwinds, the division will undertake a strategic repositioning through more intense segmentation and changes in operating models. CPBS[4] is targeting average annual revenue growth of around 5% over the period 2022 to 2025, an average positive jaws effect of around 3 points and an improvement in its return on equity of more than 3.5 points compared to 2021[5].

Investment & Protection Services (IPS) aims to become a reference European player in protection, savings and sustainable investments by strengthening its offering of products and services and its distribution network and by consolidating its leadership in social and environmental responsibility with the full backing of businesses that are digital, efficient and tech-savvy.

IPS will rely on three strategic pillars to foster growth, fortify its positions and capture new growth opportunities: the acceleration of development of financial savings, the roll-out of a transversal franchise in private assets, and the strengthening of its leadership in sustainable financing. It will build up on four key levers making the most of the integrated model, moving to the next level on digitalisation, data and artificial intelligence, deploying new ways of working while optimising the operating model.

IPS is thus targeting average annual revenue growth of close to 4.5% per year over the period 2022 to 2025, an average positive jaws effect of around 1.5 point and an improvement in its return on equity of more than 6.5 points compared to 2021(5).

With the ambition of being the Europe-based partner of corporate and institutional clients on the long term, **Corporate & Institutional Banking (CIB)** will pursue a strategy that is more relevant than ever, with the goal of becoming the first Europe-based CIB among global players while consolidating its Top 3 position in EMEA[6]. CIB will build on the strength of BNP Paribas' integrated model, technological platforms and sustainability leadership strengthening its capacity to connect the needs of corporate and institutional clients, while continuing to win market share in a consolidating sector.

CIB will continue to build on its core assets, supporting clients in their transition towards a sustainable and low-carbon economy and moving technological platforms to the next level to serve clients. It will pursue and deepen on key structural levers with the full backing of the integrated model and enhance its operating model and efficiency. Lastly, CIB will step up with key transforming initiatives in particular the development of a solid equity franchise and the acceleration of interregional dynamics.

[1] *2021-2025 CAGR of revenues minus 2021-2025 CAGR of operating expenses.*
[2] *Corporate, institutional and individual loans tied to environmental and social issues and annual sustainable bonds issuances.*
[3] *BNP Paribas Asset Management European open funds classified under articles 8 and 9 as defined by SFDR.*
[4] *Including Bank of the West and 100% of Private Banking at the entities of Commercial & Personal banking in the euro zone, Europe-Mediterranean and the United States.*
[5] *2021-2025 CAGR of revenues minus 2021-2025 CAGR of operating expenses; return on notional equity (RONE) calculated on the basis of allocated capital and in accordance with CRR2 (full impact).*
[6] *Europe, Middle-East, Africa.*

CIB will unlock the full potential of its distinctive, sustainable and integrated model, with above-market growth in its revenues. CIB targets average annual revenue growth of around 3% over the period 2022 to 2025, an average positive jaws effect of close to 2 points and an improvement in its return on notional equity of more than 3 points compared to 2021[1].

Event subsequent to the Board of directors' meeting of 7 February 2022

On 9 March 2022, the Group announced the postponement to its Investors Day, initially planned for 14 March 2022, due to the situation in Ukraine.

On the basis of an initial overall analysis of the medium- and long- term impacts of current events, BNP Paribas confirms the Group's overall financial objectives for 2025 as presented on 8 February 2022, given the margins of prudence taken initially in the plan. In this environment, the Group benefits more than ever from the demonstrated resilience and ability to adapt of its diversified and integrated model and from the quality of its risk profile.

These overall financial objectives for 2025 are as follows:

- On average, the Group's objective is revenue growth of more than 3.5%[2] annually with a positive jaws effect of more than 2 percentage points on average[3];
- The Group is thus targeting average annual growth in net income of more than 7% throughout the period, thus raising its ROTE to more than 11%, while maintaining a target CET1 ratio of 12% in 2025, including the full impact of the Basel 3 finalisation (CRR3), and of 12.9% in 2024[4];
- The Group's targeted ordinary pay-out ratio stands at 60%, including a minimum cash pay-out of 50%.

These objectives continue to apply on the Group perimeter without Bank of the West's contribution.

Finally, the Group confirms that the Board of Directors will propose to the shareholders' Annual General Meeting on 17 May 2022 to pay out a dividend of 3.67 euros in cash, equivalent to a 50% pay-out ratio of 2021 results. This payment will raise the total pay-out on the year 2021 to 60%, when factoring in the 900 million euro share buyback program executed between 1 November 2021 and 6 December 2021, which was equivalent to a 10% pay-out ratio on 2021 results.

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 solid financial structure.

The Common Equity Tier 1 ratio stood at 12.9%[6] as at 31 December 2021, up by 10 basis points compared to 31 December 2020, mainly due to the placing of the 2021 net income into reserve after taking into account a 50% pay-out ratio and the impact of the execution of the 900 million euro share buyback programme in the fourth quarter 2021 (+50 basis points), the increase in risk weighted assets at constant scope and exchange rates[7] (-25 basis points), and other impacts on the ratio, in particular due to the tapering of regulatory amendments related to the public health crisis[8] (-15 basis points).

The leverage ratio[9] stood at 4.1% as at 31 December 2021.

The Group's immediately available liquidity reserve totalled EUR 452 billion, equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

1 *2021-2025 CAGR of revenues minus 2021-2025 CAGR of operating expenses; return on notional equity (RONE) calculated on the basis of allocated capital and in accordance with CRR2 (full impact).*
2 *2021-2025 CAGR of net banking income.*
3 *2021-2025 CAGR of net banking income less 2021-2025 CAGR of operating expenses.*
4 *ROTE: Return on Tangible Equity; trajectories based on known regulatory constraints and on the full impact of the completion of Basel 3 (CRR3) estimated by the Group at 8% of average risk-weighted assets in 2025.*
5 *Subject to approval by the Annual General Meeting.*
6 *CRD 4; including IFRS 9 transitional arrangement.*
7 *Including impacts related to the updating of models and regulation.*
8 *IFRS 9 transitional provisions and PVA aggregation factor (-10 bps).*
9 *Calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021.*

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 tables "Results by Core businesses"	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 aggregates, excluding PEL/CEL effect Reconciliation with Group profit and loss account aggregates is provided in the tables "Quarterly series"	Representative measure of the aggregates of the period excluding changes in the provision that accounts 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 tables "Quarterly series"	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)
Evolution of operating expenses excluding IFRIC 21	Change in operating expenses excluding taxes and contributions subject to IFRIC 21	Representative measure of the change in operating expenses' excluding the taxes and contributions subject to IFRIC 21 booked almost entirely for the full year in the 1st semester, given in order to avoid any confusion compared to other quarters
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 disclosed in the Appendix "Cost of risk on Outstandings" of the Results' presentation	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 customers 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 disclosed in the slide "Main Exceptional Items" of the results' presentation	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 restructuring, adaptation, IT reinforcement and transformation costs.
Return on Equity (ROE)	Details of the ROE calculation are disclosed in the Appendix "Return on Equity and Permanent Shareholders' Equity" of the results' presentation	Measure of the BNP Paribas Group's return on equity
Return on Tangible Equity (ROTE)	Details of the ROTE calculation are disclosed in the Appendix "Return on Equity and Permanent Shareholders' Equity" of the results' presentation	Measure of the BNP Paribas Group's return on tangible equity

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.

➤ RECONCILIATION OF PROFIT & LOSS WITH THE ALTERNATIVE PERFORMANCE MEASURES

➤ *2021 – Results by Core businesses*

In millions of euros		Domestic Markets	International Financial Services	CIB	Operating divisions	Others activities	Group
Revenues		**15,736**	**15,751**	**14,236**	**45,723**	**512**	**46,235**
	% Change 2020	+5.4%	-1.2%	+3.4%	+2.4%	n.s.	+4.4%
Operating Expenses and Dep.		(10,473)	(10,231)	(9,400)	(30,104)	(1,007)	(31,111)
	% Change 2020	+2.0%	+1.1%	+5.4%	+2.7%	+13.1%	+3.0%
Gross Operating Income		**5,263**	**5,519**	**4,836**	**15,619**	**(495)**	**15,124**
	% Change 2020	+12.8%	-5.2%	-0.1%	+1.9%	-60.4%	+7.4%
Cost of Risk		(1,173)	(1,427)	(173)	(2,772)	(153)	(2,925)
	% Change 2020	-18.9%	-48.6%	-87.9%	-50.9%	n.s.	-48.8%
Operating Income		**4,090**	**4,092**	**4,664**	**12,846**	**(647)**	**12,199**
	% Change 2020	+27.1%	+34.4%	+36.4%	+32.7%	-51.0%	+45.9%
Share of Earnings of Equity-Method Entities		0	444	33	478	16	494
Other Non-operating Items		62	83	24	169	775	944
Pre-Tax Income		**4,152**	**4,620**	**4,721**	**13,493**	**144**	**13,637**
	% Change 2020	+26.8%	+35.0%	+36.7%	+33.0%	n.s.	+38.8%
Corporate Income Tax							(3,757)
Net Income Attributable to Minority Interests							(392)
Net Income Attributable to Equity Holders							**9,488**

➤ *Reconciliation with profit and loss account aggregates of Retail Banking activity, excluding PEL/CEL effect and with 100% Private Banking*

In millions of euros	2021	2020
Retail Banking & services Excl. PEL/CEL		
Revenues	**31,457**	**30,867**
Operating Expenses and Dep.	(20,705)	(20,384)
Gross Operating Income	**10,753**	**10,483**
Cost of Risk	(2,600)	(4,221)
Operating Income	8,153	6,262
Share of Earnings of Equity-Method Entities	444	358

Other Non-operating Items	145	72
Pre-Tax Income	**8,742**	**6,692**
Cost/Income	65.8%	66.0%
Allocated Equity *(€bn)*	54.8	55.3

In millions of euros	**2021**	**2020**
Retail Banking & services		
Revenues	**31,487**	**30,870**
Operating Expenses and Dep.	(20,705)	(20,384)
Gross Operating Income	**10,782**	**10,486**
Cost of Risk	(2,600)	(4,221)
Operating Income	8,183	6,265
Share of Earnings of Equity-Method Entities	444	358
Other Non-operating Items	145	72
Pre-Tax Income	**8,772**	**6,695**
Cost/Income	65.8%	66.0%
Allocated Equity *(€bn)*	54.8	55.3

In millions of euros	**2021**	**2020**
Domestic Markets – Excluding PEL/CEL Effects (including 100% of the Private Bank in France, Italy, Belgium and Luxembourg)[1]		
Revenues	**16,275**	**15,477**
Operating Expenses and Dep.	(10,784)	(10,568)
Gross Operating Income	**5,491**	**4,909**
Cost of Risk	(1,185)	(1,456)
Operating Income	**4,306**	**3,453**
Share of Earnings of Equity-Method Entities	0	5
Other Non-operating Items	62	50
Pre-Tax Income	**4,368**	**3,508**
Income Attributable to Wealth and Asset Management	(245)	(237)
Pre-Tax Income of Domestic Markets	**4,123**	**3,271**
Cost/Income	66.3%	68.3%
Allocated Equity *(€bn)*	25.5	26.2

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros	**2021**	**2020**
Domestic Markets (including 2/3 of the Private Bank in France, Italy, Belgium and Luxembourg)		
Revenues	**15,736**	**14,932**
Operating Expenses and Dep.	(10,473)	(10,267)
Gross Operating Income	**5,263**	**4,665**
Cost of Risk	(1,173)	(1,446)
Operating Income	**4,090**	**3,219**
Share of Earnings of Equity-Method Entities	0	5
Other Non-operating Items	62	50
Pre-Tax Income	**4,152**	**3,274**
Cost/Income	66.6%	68.8%
Allocated Equity *(€bn)*	25.5	26.2

In millions of euros	**2021**	**2020**
French Retail Banking (including 100% of the Private Bank in France)[1]		
Revenues	**6,269**	**5,947**
Incl. Net Interest Income	*3,401*	*3,306*
Incl. Commissions	*2,869*	*2,641*
Operating Expenses and Dep.	(4,551)	(4,490)
Gross Operating Income	**1,718**	**1,457**
Cost of Risk	(441)	(496)
Operating Income	**1,277**	**961**
Non-operating Items	37	38
Pre-Tax Income	**1,314**	**998**
Income Attributable to Wealth and Asset Management	(136)	(133)
Pre-Tax Income of French Retail Banking	**1,178**	**865**
Allocated Equity *(€bn, year to date)*	10.6	11.0

1 *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros			2021	2020
French Retail Banking – Excluding PEL/CEL Effects (including 100% of the Private Bank in France)[1]				
Revenues			**6,240**	**5,944**
Incl. Net Interest Income	*3,371*	*3,303*		
Incl. Commissions	*2,869*	*2,641*		
Operating Expenses and Dep.			(4,551)	(4,490)
Gross Operating Income			**1,689**	**1,454**
Cost of Risk			(441)	(496)
Operating Income			**1,248**	**958**
Non-operating Items			37	38
Pre-Tax Income			**1,285**	**995**
Income Attributable to Wealth and Asset Management			(136)	(133)
Pre-Tax Income			**1,149**	**862**
Cost/Income			72.9%	75.5%
Allocated Equity *(€bn)*			10.6	11.0

In millions of euros	2021	2020
French Retail Banking (including 2/3 of the Private Bank in France)		
Revenues	**5,981**	**5,667**
Operating Expenses and Dep.	(4,412)	(4,353)
Gross Operating Income	**1,569**	**1,314**
Cost of Risk	(428)	(487)
Operating Income	**1,141**	**827**
Non-operating Items	37	38
Pre-Tax Income	**1,178**	**865**
Cost/Income	73.8%	76.8%
Allocated Equity *(€bn)*	10.6	11.0

[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	**2021**	**2020**
PEL-CEL Effects	**29**	**3**

In millions of euros	**2021**	**2020**
BNL banca commerciale (including 100% of the Private Bank)[1]		
Revenues	**2,680**	**2,671**
Operating Expenses and Dep.	(1,781)	(1,746)
Gross Operating Income	**899**	**925**
Cost of Risk	(487)	(525)
Operating Income	**412**	**400**
Non-operating Items	0	(2)
Pre-Tax Income	**412**	**398**
Income Attributable to Wealth and Asset Management	(36)	(35)
Pre-Tax Income of BNL bc	**376**	**363**
Cost/Income	66.4%	65.4%
Allocated Equity *(€bn)*	5.3	5.3

In millions of euros	**2021**	**2020**
BNL banca commerciale (Including 2/3 of the Private Bank in Italy)		
Revenues	**2,591**	**2,586**
Operating Expenses and Dep.	(1,727)	(1,697)
Gross Operating Income	**864**	**889**
Cost of Risk	(488)	(524)
Operating Income	**376**	**365**
Non-operating Items	0	(2)
Pre-Tax Income	**376**	**363**
Cost/Income	66.7%	65.6%
Allocated Equity *(€bn)*	5.3	5.3

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros	**2021**	**2020**
Belgian Retail Banking (Including 100% of the Private Bank in Belgium)[1]		
Revenues	**3,509**	**3,432**
Operating Expenses and Dep.	(2,375)	(2,408)
Gross Operating Income	1,135	1,024
Cost of Risk	(99)	(230)
Operating Income	1,035	794
Non-operating Items	19	31
Pre-Tax Income	1,054	826
Income Attributable to Wealth and Asset Management	(65)	(64)
Pre-Tax Income of BDDB	989	762
Cost/Income	67.7%	70.2%
Allocated Equity *(€bn)*	5.3	5.4

In millions of euros	**2021**	**2020**
Belgian Retail Banking (Including 2/3 of the Private Bank in Belgium)		
Revenues	**3,340**	**3,267**
Operating Expenses and Dep.	(2,270)	(2,307)
Gross Operating Income	**1,070**	**960**
Cost of Risk	(100)	(230)
Operating Income	**970**	**731**
Non-operating Items	19	31
Pre-Tax Income	**989**	**762**
Cost/Income	68.0%	70.6%
Allocated Equity *(€bn)*	5.3	5.4

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros	2021	2020
Other Domestic Markets Activities Including Luxembourg (Including 100% of the Private Bank in Luxembourg)[1]		
Revenues	**3,846**	**3,430**
Operating Expenses and Dep.	(2,078)	(1,923)
Gross Operating Income	**1,768**	**1,507**
Cost of Risk	(157)	(205)
Operating Income	**1,611**	**1,301**
Share of Earnings of Equity-Method Entities	(4)	(12)
Other Non-operating Items	10	0
Pre-Tax Income	**1,617**	**1,289**
Income Attributable to Wealth and Asset Management	(8)	(5)
Pre-Tax Income of other DM	**1,608**	**1,284**
Cost/Income	54.0%	56.1%
Allocated Equity *(€bn)*	4.3	4.5

	2021	2020
Other Domestic Markets Activities Including Luxembourg (Including 2/3 of the Private Bank in Luxembourg)		
Revenues	**3,825**	**3,412**
Operating Expenses and Dep.	(2,065)	(1,911)
Gross Operating Income	**1,760**	**1,501**
Cost of Risk	(157)	(205)
Operating Income	**1,603**	**1,297**
Share of Earnings of Equity-Method Entities	(4)	(12)
Other Non-operating Items	10	0
Pre-Tax Income	**1,608**	**1,284**
Cost/Income	54.0%	56.0%
Allocated Equity *(€bn)*	4.3	4.5

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros	2021	2020
Europe-Mediterranean (Including 100% of the Private Bank in Turkey and in Poland)[1]		
Revenues	**1,941**	**2,362**
Operating Expenses and Dep.	(1,604)	(1,711)
Gross Operating Income	**337**	**651**
Cost of Risk	(144)	(437)
Operating Income	**192**	**214**
Non-operating Items	181	187
Pre-Tax Income	**374**	**401**
Income Attributable to Wealth and Asset Management	(8)	(8)
Pre-Tax Income	**366**	**392**
Cost/Income	82.6%	72.4%
Allocated Equity *(€bn)*	5.0	5.1

In millions of euros	2021	2020
Europe-Mediterranean (Including 2/3 of the Private Bank in Turkey and in Poland)		
Revenues	**1,926**	**2,346**
Operating Expenses and Dep.	(1,596)	(1,704)
Gross Operating Income	**329**	**642**
Cost of Risk	(145)	(437)
Operating Income	**184**	**206**
Share of Earnings of Equity-Method Entities	234	192
Other Non-operating Items	(53)	(6)
Pre-Tax Income	**366**	**392**
Cost/Income	82.9%	72.6%
Allocated Equity *(€bn)*	5.0	5.1

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

In millions of euros	2021	2020
BancWest (Including 100% of the Private Bank in United States)[1]		
Revenues	**2,426**	**2,460**
Operating Expenses and Dep.	(1,695)	(1,723)
Gross Operating Income	**731**	**737**
Cost of Risk	45	(322)
Operating Income	**777**	**415**
Non-operating Items	19	0
Pre-Tax Income	**796**	**415**
Income Attributable to Wealth and Asset Management	(25)	(23)
Pre-Tax Income	**771**	**392**
Cost/Income	69.9%	70.0%
Allocated Equity *(€bn)*	5.0	5.5

In millions of euros	2021	2020
BancWest (Including 2/3 of the Private Bank in United States)		
Revenues	**2,361**	**2,399**
Operating Expenses and Dep.	(1,654)	(1,685)
Gross Operating Income	**707**	**715**
Cost of Risk	45	(322)
Operating Income	**752**	**392**
Share of Earnings of Equity-Method Entities	0	0
Other Non-operating Items	19	0
Pre-Tax Income	**771**	**392**
Cost/Income	70.1%	70.2%
Allocated Equity *(€bn)*	5.0	5.5

[1] *Including 100% of Private Banking for the Revenues to pre-tax income items.*

➤ ***Reconciliation with the aggregate cost of risk on outstanding (cost of risk/customer loans at the beginning of the period, in annualised bps)***

	2021	2020
Domestic Markets(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	448.4	431.0
Cost of risk *(€m)*	1,185	1,456
Cost of risk *(in annualised bps)*	26	34
FRB(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	214.0	202.2
Cost of risk *(€m)*	441	496
Cost of risk *(in annualised bps)*	21	25
BNL bc(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	78.8	76.6
Cost of risk *(€m)*	487	525
Cost of risk *(in annualised bps)*	62	69
BRB(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	119.8	117.8
Cost of risk *(€m)*	99	230
Cost of risk *(in annualised bps)*	8	19

(1) With Private Banking at 100%.

	2021	2020
BancWest(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	49.8	55.8
Cost of risk *(€m)*	-45	322
Cost of risk *(in annualised bps)*	-9	58
Europe-Mediterranean(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	36.9	39.5
Cost of risk *(€m)*	144	437
Cost of risk *(in annualised bps)*	39	111
Personal Finance		
Loan outstandings as of the beg. of the quarter *(€bn)*	93.1	94.4
Cost of risk *(€m)*	1,314	1,997
Cost of risk *(in annualised bps)*	141	212
CIB – Corporate Banking		
Loan outstandings as of the beg. of the quarter *(€bn)*	152.1	164.4
Cost of risk *(€m)*	201	1,308
Cost of risk *(in annualised bps)*	13	80
Group(2)		
Loan outstandings as of the beg. of the quarter *(€bn)*	867.7	867.3
Cost of risk *(€m)*	2,925	5,717
Cost of risk *(in annualised bps)*	34	66

(1) With Private Banking at 100%.
(2) Including cost of risk of market activities, International Financial Services and Corporate Centre.

NET EARNINGS PER SHARE

In millions of euros	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Average number of shares outstanding excluding Treasury shares	**1,247**	**1,248**	**1,248**	**1,248**	**1,246**
Net income attributable to equity holders	9,488	7,067	8,173	7,526	7,759
Remuneration net of tax of Undated Super Subordinated Notes	(418)	(436)	(414)	(367)	(286)
Exchange rate effect on reimbursed Undated Super Subordinated Notes	(18)	(5)	(14)	0	64
Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes	**9,052**	**6,626**	**7,745**	**7,159**	**7,537**

NET EARNINGS PER SHARE (EPS) *(IN EUROS)*	**7.26**	**5.31**	**6.21**	**5.73**	**6.05**

RETURN ON EQUITY

In millions of euros	31 December 2021	31 December 2020
Net income Group share	**9,488**	**7,067**
Remuneration net of tax of Undated Super Subordinated Notes and exchange effect	(436)	(441)
Net income Group share used for the calculation of ROE/ROTE	**9,052**	**6,626**
Average permanent shareholders' equity, not revaluated, used for the ROE calculation(1)	**101,882**	**98,235**
Return on Equity (ROE)	**8.90%**	**6.70%**
Average tangible permanent shareholders' equity, not revaluated, used for the ROTE calculation(2)	**90,412**	**86,704**
Return on Tangible Equity (ROTE)	**10.00%**	**7.60%**

(1) 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).

(2) 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	2021	2020
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)	(164)	(211)
IT reinforcement costs (Corporate Centre)	(128)	(178)
Donations and staff safety measures relating to the health crisis (Corporate Centre)		(132)
Total exceptional operating expenses	**(292)**	**(521)**
Other non-operating items		
Capital gain on the sale of buildings (Corporate Centre)	486	699
Capital gain related to the strategic agreement with Allfunds (Corporate Centre)	444	371
Capital gain on the sale of a stake held by BNP Paribas Asset Management in a JV (Wealth and Asset Management)	96	
Impairments (Corporate Centre)	(74)	(130)
Total exceptional other non-operating items	**952**	**940**

TOTAL EXCEPTIONAL ITEMS (PRE-TAX)	**660**	**316**
TOTAL EXCEPTIONAL ITEMS (AFTER TAX)(3)	**479**	**264**

(1) Related to the restructuring of certain businesses (in particular at CIB).
(2) Related in particular to Wealth Management, BancWest and CIB.
(3) Group share.

APPLICATION OF IFRS 5 – RECONCILIATION TABLES

On 20 December 2021, the Group announced the conclusion of an agreement with BMO Financial Group for the sale of 100% of its commercial banking activities in the United States operated by BancWest. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 7.d *Discontinued activities* of the consolidated financial statements as at 31/12/21) leading to the restatement of the year to 31 December 2020 to isolate the “Net income from discontinued activities” on a separate line.

Unless otherwise mentioned, the financial information and items include the activity related to BancWest reflecting an operational view. Such financial information and items therefore do not reflect the effects produced by applying IFRS 5, which pertains to non-current assets and liabilities held for sale. The reconciliation below shows the operational view presented without applying IFRS 5 and the consolidated financial statements based on the application of IFRS 5.

➤ CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021 – RECONCILIATION TABLE IFRS 5

In millions of euros	Year to 31 Dec. 2021 before *IFRS 5*	Year to 31 Dec. 2021 IFRS 5 *impact*	Year to 31 Dec. 2021 according to *IFRS 5*	Year to 31 Dec. 2020 before *IFRS 5*	Year to 31 Dec. 2020 IFRS 5 *impact*	Year to 31 Dec. 2020 restated according to IFRS 5
Net interest income	21,209	(1,971)	19,238	21,312	(2,026)	19,286
Net commission income	10,717	(355)	10,362	9,862	(283)	9,579
Net gain on financial instruments at fair value through profit or loss	7,681	(66)	7,615	6,861	(111)	6,750
Net gain on financial instruments at fair value through equity	181	(17)	164	249	(47)	202
Net gain on derecognised financial assets at amortised cost	36	(38)	(2)	36	-	36
Net income from insurance activities	4,332	-	4,332	4,114	-	4,114
Net income from other activities	2,079	(26)	2,053	1,841	(29)	1,812
Revenues	**46,235**	**(2,473)**	**43,762**	**44,275**	**(2,496)**	**41,779**
Salary and employee benefit expense	(17,377)	960	(16,417)	(16,946)	1,004	(15,942)
Other operating expenses	(11,234)	529	(10,705)	(10,809)	508	(10,301)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(2,500)	156	(2,344)	(2,439)	177	(2,262)
Gross operating income	**15,124**	**(828)**	**14,296**	**14,081**	**(807)**	**13,274**
Cost of risk	(2,925)	(46)	(2,971)	(5,717)	322	(5,395)
Operating income	**12,199**	**(874)**	**11,325**	**8,364**	**(485)**	**7,879**

Share of earnings of equity-method entities	494	-	494	423	-	423
Net gain on non-current assets	853	(19)	834	1,030	-	1,030
Goodwill	91	-	91	5	-	5
Pre-tax income	**13,637**	**(893)**	**12,744**	**9,822**	**(485)**	**9,337**
Corporate income tax	(3,757)	173	(3,584)	(2,407)	106	(2,301)
Net income from discontinued activities		**720**	**720**		**379**	**379**
Net income attributable to minority interests	392	-	392	348	-	348
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**9,488**	**-**	**9,488**	**7,067**	**-**	**7,067**

➤ BALANCE SHEET AS AT 31/12/2021 – RECONCILIATION TABLE IFRS 5

In millions of euros	**31 December 2021** ***before IFRS 5***	***IFRS 5 impact***	**31 December 2021 according *to* *IFRS 5***
ASSETS			
Cash and balances at central banks	362,537	(14,654)	347,883
Financial instruments at fair value through profit or loss			
Securities	192,135	(628)	191,507
Loans and repurchase agreements	249,841	(33)	249,808
Derivative financial Instruments	240,625	(202)	240,423
Derivatives used for hedging purposes	8,713	(33)	8,680
Financial assets at fair value through equity			
Debt securities	43,915	(5,009)	38,906
Equity securities	2,558		2,558
Financial assets at amortised cost			
Loans and advances to credit institutions	21,804	(53)	21,751
Loans and advances to customers	864,053	(50,053)	814,000
Debt securities	124,179	(15,669)	108,510
Remeasurement adjustment on interest-rate risk hedged portfolios	3,005		3,005
Financial investments of insurance activities	280,766		280,766
Current and deferred tax assets	6,101	(235)	5,866
Accrued income and other assets	180,623	(1,500)	179,123
Equity-method investments	6,528		6,528
Property, plant and equipment and investment property	35,511	(428)	35,083
Intangible assets	3,896	(237)	3,659

In millions of euros	**31 December 2021** ***before IFRS 5***	***IFRS 5 impact***	**31 December 2021 according *to* IFRS 5**
Goodwill	7,654	(2,533)	5,121
Assets held for sale		91,267	91,267
TOTAL ASSETS	**2,634,444**	**-**	**2,634,444**

In millions of euros	**31 December 2021** ***before IFRS 5***	***IFRS 5 impact***	**31 December 2021 according *to* *IFRS 5***
LIABILITIES			
Deposits from central banks	1,244		1,244
Financial instruments at fair value through profit or loss			
Securities	112,338		112,338
Deposits and repurchase agreements	293,456		293,456
Issued debt securities	70,383		70,383
Derivative financial instruments	237,675	(278)	237,397
Derivatives used for hedging purposes	10,134	(58)	10,076
Financial liabilities at amortised cost			
Deposits from credit institutions	165,843	(144)	165,699
Deposits from customers	1,030,323	(72,639)	957,684
Debt securities	149,981	(258)	149,723
Subordinated debt	24,720		24,720
Remeasurement adjustment on interest-rate risk hedged portfolios	1,367		1,367
Current and deferred tax liabilities	3,133	(30)	3,103
Accrued expenses and other liabilities	146,189	(790)	145,399
Technical reserves and other insurance liabilities	254,795		254,795
Provisions for contingencies and charges	10,356	(169)	10,187
Liabilities associated with assets held for sale		74,366	74,366
TOTAL LIABILITIES	**2,511,937**	**-**	**2,511,937**
EQUITY			
Share capital, additional paid-in capital and retained earnings	*108,176*		*108,176*
Net income for the period attributable to shareholders	*9,488*		*9,488*
Total capital, retained earnings and net income for the period attributable to shareholders	**117,664**		**117,664**
Changes in assets and liabilities recognised directly in equity	222		222
Shareholders' equity	**117,886**		**117,886**
Total minority interests	**4,621**		**4,621**
TOTAL EQUITY	**122,507**	**-**	**122,507**
TOTAL LIABILITIES AND EQUITY	**2,634,444**	**-**	**2,634,444"**

(d) Section 4 entitled "Consolidated Financial Statements for the Year Ended 31 December 2020" on pages 179 to 339 shall be deleted in its entirety and replaced with the following:

" 4 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2021 and 31 December 2020. 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 2019 are provided in the universal registration document filed with the Autorité des Marchés Financiers on 12 March 2021 under number D.21-0114.

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of 100% of its retail and commercial banking activities in the United States operated by the BancWest cash-generating unit. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 7.d *Discontinued activities*) leading to the restatement of the year to 31 December 2020 to isolate the "Net income from discontinued activities" on a separate line. A similar reclassification is made in the statement of net income and changes in assets and liabilities recognised directly in equity and in the cash flow statement. The effect of this reclassification on the aggregates of the profit and loss statement is presented in note 3 *Segment Information*.

4.1 Profit and loss account for the year ended 31 December 2021

In millions of euros	Notes	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Interest income	2.a	29,518	31,169
Interest expense	2.a	(10,280)	(11,883)
Commission income	2.b	15,037	13,304
Commission expense	2.b	(4,675)	(3,725)
Net gain on financial instruments at fair value through profit or loss	2.c	7,615	6,750
Net gain on financial instruments at fair value through equity	2.d	164	202
Net gain on derecognised financial assets at amortised cost		(2)	36
Net income from insurance activities	2.e	4,332	4,114
Income from other activities	2.f	15,482	13,167
Expense on other activities	2.f	(13,429)	(11,355)
REVENUES FROM CONTINUING ACTIVITIES		**43,762**	**41,779**
Salary and employee benefit expense	6.a	(16,417)	(15,942)
Other operating expenses	2.g	(10,705)	(10,301)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.n	(2,344)	(2,262)
GROSS OPERATING INCOME FROM CONTINUING ACTIVITIES		**14,296**	**13,274**
Cost of risk	2.h	(2,971)	(5,395)
OPERATING INCOME FROM CONTINUING ACTIVITIES		**11,325**	**7,879**
Share of earnings of equity-method entities	4.m	494	423
Net gain on non-current assets	2.i	834	1,030
Goodwill	4.o	91	5
PRE-TAX INCOME FROM CONTINUING ACTIVITIES		**12,744**	**9,337**
Corporate income tax from continuing activities	2.j	(3,584)	(2,301)
NET INCOME FROM CONTINUING ACTIVITIES		**9,160**	**7,036**
Net income from discontinued activities	7.d	720	379
NET INCOME		**9,880**	**7,415**
Net income attributable to minority interests		392	348
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**9,488**	**7,067**
Basic earnings per share	7.a	7.26	5.31
Diluted earnings per share	7.a	7.26	5.31

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020** ***restated according to IFRS 5***
Net income for the period	**9,880**	**7,415**
Changes in assets and liabilities recognised directly in equity	**712**	**(2,599)**
Items that are or may be reclassified to profit or loss	**26**	**(2,477)**
Changes in exchange differences	481	(2,358)
Changes in fair value of financial assets at fair value through equity		
Changes in fair value recognised in equity	*(379)*	*450*
Changes in fair value reported in net income	*(115)*	*(93)*
Changes in fair value of investments of insurance activities		
Changes in fair value recognised in equity	*(387)*	*-*
Changes in fair value reported in net income	*(191)*	*(35)*
Changes in fair value of hedging instruments		
Changes in fair value recognised in equity	*(620)*	*535*
Changes in fair value reported in net income	*(31)*	*(38)*
Income tax	402	(170)
Changes in equity-method investments, after tax	295	(110)
Changes in discontinued activities, after tax	571	(658)
Items that will not be reclassified to profit or loss	**686**	**(122)**
Changes in fair value of equity instruments designated as at fair value through equity	413	89
Debt remeasurement effect arising from BNP Paribas Group issuer risk	25	(193)
Remeasurement gains (losses) related to post-employment benefit plans	347	(24)
Income tax	(125)	3
Changes in equity-method investments, after tax	17	(18)
Changes in discontinued activities, after tax	9	21

TOTAL	**10,592**	**4,816**
Attributable to equity shareholders	10,200	4,508
Attributable to minority interests	392	308

4.3 Balance sheet at 31 December 2021

In millions of euros	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and balances at central banks		347,883	308,703
Financial instruments at fair value through profit or loss			
Securities	4.a	191,507	167,927
Loans and repurchase agreements	4.a	249,808	244,878
Derivative financial instruments	4.a	240,423	276,779
Derivatives used for hedging purposes	4.b	8,680	15,600
Financial assets at fair value through equity			
Debt securities	4.c	38,906	55,981
Equity securities	4.c	2,558	2,209
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	21,751	18,982
Loans and advances to customers	4.e	814,000	809,533
Debt securities	4.e	108,510	118,316
Remeasurement adjustment on interest-rate risk hedged portfolios		3,005	5,477
Financial investments of insurance activities	4.i	280,766	265,356
Current and deferred tax assets	4.k	5,866	6,559
Accrued income and other assets	4.l	179,123	140,904
Equity-method investments	4.m	6,528	6,396
Property, plant and equipment and investment property	4.n	35,083	33,499
Intangible assets	4.n	3,659	3,899
Goodwill	4.o	5,121	7,493
Assets held for sale	7.d	91,267	-
TOTAL ASSETS		**2,634,444**	**2,488,491**
LIABILITIES			
Deposits from central banks		1,244	1,594
Financial instruments at fair value through profit or loss			
Securities	4.a	112,338	94,263
Deposits and repurchase agreements	4.a	293,456	288,595
Issued debt securities	4.a	70,383	64,048
Derivative financial instruments	4.a	237,397	282,608
Derivatives used for hedging purposes	4.b	10,076	13,320
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	165,699	147,657

In millions of euros	Notes	31 December 2021	31 December 2020
Deposits from customers	4.g	957,684	940,991
Debt securities	4.h	149,723	148,303
Subordinated debt	4.h	24,720	22,474
Remeasurement adjustment on interest-rate risk hedged portfolios		1,367	6,153
Current and deferred tax liabilities	4.k	3,103	3,001
Accrued expenses and other liabilities	4.l	145,399	107,846
Technical reserves and other insurance liabilities	4.j	254,795	240,741
Provisions for contingencies and charges	4.p	10,187	9,548
Liabilities associated with assets held for sale	7.d	74,366	-
TOTAL LIABILITIES		**2,511,937**	**2,371,142**
EQUITY			
Share capital, additional paid-in capital and retained earnings		*108,176*	*106,228*
Net income for the period attributable to shareholders		*9,488*	*7,067*
Total capital, retained earnings and net income for the period attributable to shareholders		**117,664**	**113,295**
Changes in assets and liabilities recognised directly in equity		*222*	*(496)*
Shareholders' equity		**117,886**	**112,799**
Minority interests	7.f	**4,621**	**4,550**
TOTAL EQUITY		**122,507**	**117,349**
TOTAL LIABILITIES AND EQUITY		**2,634,444**	**2,488,491**

4.4 Cash flow statement for the year ended 31 December 2021

In millions of euros	Notes	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Pre-tax income from continuing activities		**12,744**	**9,337**
Pre-tax income from discontinued activities		**893**	**485**
Non-monetary items included in pre-tax net income and other adjustments		**26,336**	**5,741**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		6,781	6,325
Impairment of goodwill and other non-current assets		22	24
Net addition to provisions		13,150	6,971
Share of earnings of equity-method entities		(494)	(423)
Net (income) from investing activities		(923)	(1,034)

In millions of euros	**Notes**	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Net (income) from financing activities		(1,105)	(2,470)
Other movements		8,905	(3,652)
Net increase related to assets and liabilities generated by operating activities		**2,403**	**123,761**
Net increase related to transactions with customers and credit institutions		39,029	152,167
Net decrease related to transactions involving other financial assets and liabilities		(24,497)	(18,050)
Net decrease related to transactions involving non-financial assets and liabilities		(9,773)	(7,767)
Taxes paid		(2,356)	(2,589)
NET INCREASE IN CASH AND CASH EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**42,376**	**139,324**
Net increase (decrease) related to acquisitions and disposals of consolidated entities		482	(78)
Net decrease related to property, plant and equipment and intangible assets		(1,664)	(773)

In millions of euros	Notes	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
NET DECREASE IN CASH AND CASH EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(1,182)**	**(851)**
(Decrease) increase in cash and cash equivalents related to transactions with shareholders		(5,699)	773
Increase in cash and cash equivalents generated by other financing activities		20,215	17,751
NET INCREASE IN CASH AND CASH EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**14,516**	**18,524**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		**107**	**(2,614)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**55,817**	**154,383**
of which net increase in cash and cash equivalents from discontinued activities	7.d	10,739	2,192
Balance of cash and cash equivalent accounts at the start 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 cash equivalents		89	152
Balance of cash and cash equivalent accounts at the end of the period		**362,418**	**306,601**
Cash and amounts due from central banks		347,901	308,721
Due to central banks		(1,244)	(1,594)
On demand deposits with credit institutions		10,156	8,380
On demand loans from credit institutions	4.g	(9,105)	(8,995)
Deduction of receivables and accrued interest on cash and cash equivalents		156	89
Cash and cash equivalent accounts classified as “Assets held for sale”		14,554	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**55,817**	**154,383**

4.5 Statement of changes in shareholders' equity between 1 January 2020 and 31 December 2021

	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 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								
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	Remeasurement gains (losses) related to post-employment benefit plans	Discontinued activities	Total	Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Discontinued activities	Total	Total shareholders' equity	Minority interests (note 7.f)	Total equity
Capital and retained earnings at 1 January 2020	**27,070**	**8,689**	**69,549**	**105,308**	**511**	**(163)**	**160**		**508**	**(1,902)**	**241**	**2,238**	**1,060**		**1,637**	**107,453**	**4,392**	**111,845**
Appropriation of net income for 2019				**-**					**-**						**-**	**-**	**(84)**	**(84)**
Increases in capital and issues		1,609	(2)	1,607					-						-	1,607		1,607
Reduction or redemption of capital		(335)	(5)	(340)					-						-	(340)		(340)
Movements in own equity instruments	(17)	(15)	40	8					-						-	8		8
Remuneration on preferred shares and undated super subordinated notes			(426)	(426)					-						-	(426)	(1)	(427)

	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 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								
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	Remeasurement gains (losses) related to post-employment benefit plans	Discontinued activities	Total	Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Discontinued activities	Total	Total shareholders' equity	Minority interests (note 7.f)	Total equity
Movements in consolidation scope impacting minority shareholders (note 7.f)				-					-						-	-	5	5
Acquisitions of additional interests or partial sales of interests (note 7.f)			(1)	(1)					-						-	(1)	1	-
Change in commitments to repurchase minority shareholders' interests			(8)	(8)					-						-	(8)	(69)	(77)
Other movements			(2)	(2)					-						-	(2)	(2)	(4)
Realised gains or losses reclassified to retained earnings			82	82	(84)	2			(82)						-	-		-
Changes in assets and liabilities recognised directly in equity				-	34	(142)	(6)		(114)	(3,131)	316	(4)	374		(2,445)	(2,559)	(40)	(2,599)
Net income for 2020			**7,067**	**7,067**					**-**						**-**	**7,067**	**348**	**7,415**

	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 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								
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	Remeasurement gains (losses) related to post-employment benefit plans	Discontinued activities	Total	Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Discontinued activities	Total	Total shareholders' equity	Minority interests (note 7.f)	Total equity
Capital and retained earnings at 31 December 2020	**27,053**	**9,948**	**76,294**	**113,295**	**461**	**(303)**	**154**		**312**	**(5,033)**	**557**	**2,234**	**1,434**		**(808)**	**112,799**	**4,550**	**117,349**
Retrospective application of the change in method related to social commitments (note 6.b)			74	74					-						-	74		74
Appropriation of net income for 2020			**(3,323)**	**(3,323)**					**-**						**-**	**(3,323)**	**(221)**	**(3,544)**
Increases in capital and issues		1,026	(1)	1,025					-						-	1,025	10	1,035
Reduction or redemption of capital	(897)	(1,768)	(26)	(2,691)					-						-	(2,691)	(73)	(2,764)
Movements in own equity instruments	191	1	18	210					-						-	210		210
Remuneration on preferred shares and undated super subordinated notes			(412)	(412)					-						-	(412)		(412)

	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 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								
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	Remeasurement gains (losses) related to post-employment benefit plans	Discontinued activities	Total	Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Discontinued activities	Total	Total shareholders' equity	Minority interests (note 7.f)	Total equity
Movements in consolidation scope impacting minority shareholders (note 7.f)				-					-						-	-	(139)	(139)
Acquisitions of additional interests or partial sales of interests (note 7.f)			8	8					-						-	8	55	63
Change in commitments to repurchase minority shareholders' interests			5	5					-						-	5	38	43
Other movements			(9)	(9)					-						-	(9)	9	-
Realised gains or losses reclassified to retained earnings			(6)	(6)	(11)	17			6						-	-		-
Changes in assets and liabilities recognised directly in equity				-	390	19	270		679	1,385	(476)	(423)	(453)		33	712		712
Net income for 2021			**9,488**	**9,488**					**-**						**-**	**9,488**	**392**	**9,880**

	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 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								
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**	**Remeasurement gains (losses) related to post-employment benefit plans**	**Discontinued activities**	**Total**	**Exchange differences**	**Financial assets at fair value through equity**	**Financial investments of insurance activities**	**Derivatives used for hedging purposes**	**Discontinued activities**	**Total**	**Total shareholders' equity**	**Minority interests (note 7.f)**	**Total equity**
Reclassification of discontinued activities				-			125	(125)	-	(687)	41		38	608	-	-		-
Capital and retained earnings at 31 December 2021	**26,347**	**9,207**	**82,110**	**117,664**	**840**	**(267)**	**549**	**(125)**	**997**	**(4,335)**	**122**	**1,811**	**1,019**	**608**	**(775)**	**117,886**	**4,621**	**122,507**

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 coronavirus 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.

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 2021, 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 impairment broken down according to whether the underlying loans are 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.

- 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. The aim of the programme is to manage and implement the transition from the old benchmark interest rates to the new ones in major jurisdictions and currencies (euro, pound sterling, US 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 financial regulators.

The announcements by public authorities in the United Kingdom and the United States and by the Libor administrator (ICE BA) at the end of November 2020 changed the transition period, which was initially scheduled to be completed by the end of 2021. For the GBP and JPY Libor, synthetic Libor will be published beyond the end of 2021 for use in certain contracts known as “tough legacy” contracts, *i.e.* contracts that have not switched from Libor to a replacement index. 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.

For contracts referencing the CHF Libor which cannot be renegotiated before it is phased out at the end of 2021, the European Commission has provided a legislative solution replacing this rate with a daily capitalised SARON (Swiss Average Rate Overnight) rate, plus a spread aimed at ensuring the economic neutrality of this change.

In Europe, the Eonia-€STR transition, which is purely technical given the fixed link between these two indices, was finalised at the end of December 2021 while the maintenance of Euribor on a *sine die* basis was confirmed.

Based on the progress made in 2020 and 2021, notably with the definition of a detailed plan and its execution, the Bank is confident in its operational capacity to manage the transition process of large volumes of transactions to the new benchmark rates.

[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*

The reform of IBOR rates exposes the Bank to various risks that the programme aims to manage closely, including in particular:

- change management risks, but also litigation and conduct risks 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 during the transition of the hedged items or hedging instruments to the reformed benchmark rates. These amendments, endorsed by the European Commission on 15 January 2020, have been applied by the Group since 31 December 2019.

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 rates 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 amendments to 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 benchmark 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, have been applied by the Group since 31 December 2020 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 respect of the benchmark interest rates in the scope of the reform, mainly Eonia, Euribor, and Libor. 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 benchmark 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 benchmark 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 2021, 112,405 contracts remain backed by USD Libor, including 72,867 contracts with a maturity date beyond 30 June 2023, including 54,628 derivative contracts.

As at 31 December 2020, 143,964 contracts with a maturity date beyond 31 December 2021 were backed by rates covered by this reform, including 104,315 derivative contracts.

- In May 2021, the IFRIC (IFRS Interpretations Committee) issued a proposal for a decision, validated by the International Accounting Standards Board, which modifies the way of calculating the social commitments for certain defined benefit plans such as indemnities payable on retirement. These plans, essentially French, gradually grant entitlement to benefits which will only be paid in the event of effective retirement while applying a cap to the number of years of entitlement. Previously, benefits were recognised on a straight-line basis from the date of joining the company until the effective date of retirement without taking into account the entitlements cap. They are now recognised on a straight-line basis, from the beginning of the acquisition of the rights up to the date of retirement. The resulting adjustment net of tax of EUR 74 million is recognised as at 1 January 2021 as an increase in Equity.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2021 had no effect on the 2021 financial statements.

The Group did not early adopt any of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2021 was optional.

1.a.2 New major accounting standards, published but not yet applicable

IFRS 17 "Insurance Contracts", issued in May 2017 and amended in June 2020, will replace IFRS 4 "Insurance Contracts". It was adopted by the European Union in November 2021, accompanied by an optional exemption from applying the annual cohort requirement on intergenerationally-mutualised contracts. It shall enter into force on a mandatory basis for the years beginning on or after 1 January 2023[1].

An amendment to IFRS 17 relating to the presentation of the IFRS 9/IFRS 17 comparison was also published by the IASB in December 2021 and is still to be approved by the European Union.

The analysis of the standard and the identification of its effects are on-going as part of the implementation project and related control and validation works.

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 is 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.

[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.*

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 IFRS.

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.

[1] *As defined by IAS 36.*

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[1] 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 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

[1] *Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.*

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.

Commission

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. Clauses included in financing granted to encourage the sustainable development of corporates which adjust the interest margin depending on the achievement of environmental, social or governance (ESG) objectives do not call into question the cash flow criterion when such an adjustment is considered to be de minimis. Structured instruments indexed to ESG market indices do not meet the cash flow criterion.

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 flow 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 flow criterion, an assessment of the existing credit enhancement is 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 flow 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 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. Where appropriate, the estimate of expected cash flows takes into account a cash flow scenario arising from the sale of the defaulted loans or groups of loans. Proceeds of sale are considered net of costs to sell.

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 are taken into account, including prepayment, extension and similar options. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term is 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 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 means 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".

As a reminder, in response to the health crisis, several moratoria have been granted to clients. These moratoria mostly consisted 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 was generally considered as not substantial. The associated discount (linked to the absence of interest accruing, or interest accruing at a rate that was lower than the EIR of the loan) was thus accounted for in NBI, subject to the respect of certain criteria[1]. In such cases, the moratorium was 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 was 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.

Probation periods

The Group applies observation periods to assess the possible return to a better stage. Thus, a probation period of 3 months is observed for the transition from stage 3 to stage 2. This period is extended to 12 months in the event of restructuring due to financial difficulties.

For the transition from stage 2 to stage 1, a probation period of two years is observed for loans that have been restructured due to 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.

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;

[1] *Moratoria qualified as "COVID-19 General moratorium Measure" (i.e. meeting the criteria defined in EBA Guidelines published on 2 April 2020 and modified on 2 December 2020) or similar measures that do not lead to a transfer to stage 3.*

- 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 maximise the use of observable inputs and minimise 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 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 ‘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.

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 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 lives. 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 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell 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 "Assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with 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, 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 "Net income from discontinued activities". This line includes after tax profits or losses of discontinued operations, after tax gain or loss arising from remeasurement at fair value less costs to sell, and after tax gain or loss on disposal of the operation.

1.J EMPLOYEE BENEFITS

Employee benefits are classified in one of four following 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.

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 estimation of residual assets values under simple lease agreements. These values are used as a basis for the determination of depreciation as well as any impairment, notably in relation to the effect of environmental considerations on the evaluation of future prices of second-hand vehicles;
- 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 2021

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. 2021			Year to 31 Dec. 2020 *restated according to IFRS 5*		
In millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	**24,122**	**(7,032)**	**17,090**	**24,763**	**(8,151)**	**16,612**
Deposits, loans and borrowings	21,423	(5,024)	16,399	22,268	(5,634)	16,634
Repurchase agreements	199	(56)	143	135	(87)	48
Finance leases	1,626	(101)	1,525	1,489	(94)	1,395
Debt securities	874		874	871		871
Issued debt securities and subordinated debt		(1,851)	(1,851)		(2,336)	(2,336)
Financial instruments at fair value through equity	**851**	**-**	**851**	**1,334**	**-**	**1,334**
Financial instruments at fair value through profit or loss (Trading securities excluded)	**36**	**(163)**	**(127)**	**76**	**(302)**	**(226)**
Cash flow hedge instruments	**1,982**	**(1,010)**	**972**	**2,280**	**(1,184)**	**1,096**
Interest rate portfolio hedge instruments	**2,527**	**(2,031)**	**496**	**2,716**	**(2,195)**	**521**
Lease liabilities	**-**	**(44)**	**(44)**		**(51)**	**(51)**
TOTAL INTEREST INCOME/(EXPENSE)	**29,518**	**(10,280)**	**19,238**	**31,169**	**(11,883)**	**19,286**

Interest income on individually impaired loans amounted to EUR 331 million for the year ended 31 December 2021, compared to EUR 380 million for the year ended 31 December 2020.

The Group subscribed to the TLTRO III (targeted longer-term refinancing operations) programme, as modified by the Governing Council of the European Central Bank in March 2020 and in December 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 two years, and average rate of the deposit facility for the following year). 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, its two components (reference rate and margin) being adjustable. It corresponds to the nominal interest rate for each period, *i.e.* -1% in 2020 and 2021.

2.B COMMISSION INCOME AND EXPENSE

	Year to 31 Dec. 2021			Year to 31 Dec. 2020 *restated according to IFRS 5*		
In millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Customer transactions	4,489	(1,024)	3,465	4,034	(836)	3,198
Securities and derivatives transactions	2,363	(1,628)	735	2,215	(1,424)	791
Financing and guarantee commitments	1,152	(55)	1,097	1,132	(47)	1,085
Asset management and other services	5,912	(748)	5,164	4,881	(344)	4,537
Others	1,121	(1,220)	(99)	1,042	(1,074)	(32)
COMMISSION INCOME/EXPENSE	**15,037**	**(4,675)**	**10,362**	**13,304**	**(3,725)**	**9,579**
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	*3,333*	*(357)*	*2,976*	*2,706*	*(244)*	*2,462*

of which commission income and expense on financial instruments not measured at fair value through profit or loss	*3,129*	*(337)*	*2,792*	*3,053*	*(289)*	*2,764*

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. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Financial instruments held for trading	**6,293**	**4,021**
Interest rate and credit instruments	(2,633)	4,508
Equity financial instruments	5,641	(1,582)
Foreign exchange financial instruments	2,317	597
Loans and repurchase agreements	(116)	(86)
Other financial instruments	1,084	584
Financial instruments designated as at fair value through profit or loss	**281**	**2,852**
Other financial instruments at fair value through profit or loss	**956**	**(119)**
Impact of hedge accounting	**85**	**(4)**
Fair value hedging derivatives	(2,445)	456
Hedged items in fair value hedge	2,530	(460)
NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**7,615**	**6,750**

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 2021 and 2020 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 2021 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. 2021**	**Year to 31 Dec. 2020** ***restated according to IFRS 5***
Net gain on debt instruments	58	149
Dividend income on equity instruments	106	53
NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY	**164**	**202**

Interest income from debt instruments is included in note 2.a *Net interest income*, and impairment losses related to potential issuer default are included in note 2.h *Cost of risk*.

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 119 million for the year ended 31 December 2021, compared with EUR 95 million for the year ended 31 December 2020.

2.E NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020** ***restated according to IFRS 5***
Premiums earned	27,619	21,259
Net gain from investment contracts with discretionary participation feature and other services	12	49
Net income from financial investments	14,503	4,610
Technical charges related to contracts	(35,848)	(19,664)
Net charges from ceded reinsurance	(215)	(158)
External services expenses	(1,739)	(1,982)
NET INCOME FROM INSURANCE ACTIVITIES	**4,332**	**4,114**

➤ NET INCOME FROM FINANCIAL INVESTMENTS

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020** ***restated according to IFRS 5***
Net gain on available-for-sale financial assets	3,082	2,809
Interest income and dividends	*2,634*	*2,752*
Additions to impairment provisions	*(10)*	*(338)*
Net disposal gains	*458*	*395*
Net gain on financial instruments at fair value through profit or loss	11,163	1,523
Net gain on financial instruments at amortised cost	118	124
Investment property income	142	168
Share of earnings of equity-method investments	1	(5)
Other expense	(3)	(9)

NET INCOME FROM FINANCIAL INVESTMENTS	**14,503**	**4,610**

2.F NET INCOME FROM OTHER ACTIVITIES

	Year to 31 Dec. 2021			Year to 31 Dec. 2020 *restated according to IFRS 5*		
In millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Net income from investment property	103	(43)	60	93	(54)	39
Net income from assets held under operating leases	12,426	(10,525)	1,901	10,754	(9,139)	1,615
Net income from property development activities	988	(777)	211	679	(574)	105
Other net income	1,965	(2,084)	(119)	1,641	(1,588)	53
TOTAL NET INCOME FROM OTHER ACTIVITIES	**15,482**	**(13,429)**	**2,053**	**13,167**	**(11,355)**	**1,812**

2.G OTHER OPERATING EXPENSES

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
External services and other operating expenses	(8,712)	(8,384)
Taxes and contributions(1)	(1,993)	(1,917)
TOTAL OTHER OPERATING EXPENSES	**(10,705)**	**(10,301)**

(1) Contributions to European resolution fund, including exceptional contributions, amount to EUR 967 million for year ended 31 December 2021 compared with EUR 760 million for the year ended 31 December 2020.

2.H COST OF RISK

The 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 of the Universal Registration Document (section 5.4 *Credit risk*). This section describes how environmental, social and governance (ESG) risks are taken into account in credit and rating policies, notably with the introduction of a new tool: the *ESG Assessment*.

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 (one-year PD at the reporting date/one-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 one-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 one-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 macroeconomic, 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. Thus, for loans that have not experienced a significant deterioration in credit quality since origination, this mechanism may lead to the classification of facilities in stage 2 in anticipation of a future downgrade of their individual rating beyond the deterioration threshold, in relation to the macroeconomic outlook of their sector.

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, capturing 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 weight of the two alternative scenarios is defined according to the position in the credit cycle. In this approach, the adverse scenario carries a higher weight in the situations at the upper end of the cycle than in the situations at the lower end of the cycle, in anticipation of a potential downturn in 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 macroeconomic 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 or the partial interruption in activity.

  In addition, post-model adjustments are considered to take into account, where applicable, the consequences of climatic events on expected credit losses;
- 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 to 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 to 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.

  Since 30 June 2021, the favourable shocks to activity were substantially reduced. Most of the positive events, previously included in the favourable scenario, are now included in the baseline scenario. Furthermore, any stronger-than-expected rebound compared to the baseline scenario would be limited by constraints on the factors of production.

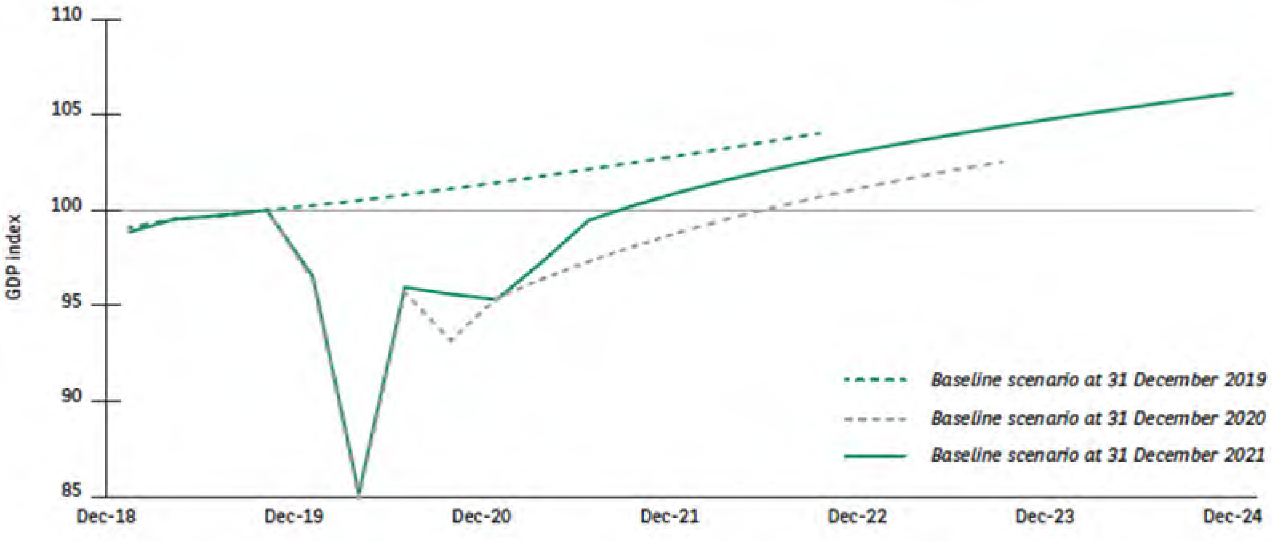
Factoring the specific features of the health crisis in the baseline scenario

After a historical drop in 2020, reflecting the strict containment measures implemented by governments in response to the increase in coronavirus cases, activity has rebounded sharply in 2021, reflecting (i) a mechanical catch-up, (ii) government and central bank support measures, and (iii) positive developments in terms of vaccine rollout.

The magnitude of the rebound has notably varied among economies depending on the improvement in the health situation and the extent of fiscal measures. After a marked improvement in 2021, the pace of growth is expected to normalise from 2022 onwards. Activity is expected to return to its pre-crisis level between the fourth quarter of 2021 and the first half of 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 of the years 2019, 2020, and 2021.


110
105
100
95
90
85
GDP index
Dec-18
Dec-19
Dec-20
Dec-21
Dec-22
Dec-23
Dec-24
Baseline scenario at 31 December 2019
Baseline scenario at 31 December 2020
Baseline scenario at 31 December 2021

➤ **GDP GROWTH RATE, BASELINE SCENARIO AS AT 31 DECEMBER 2021**
(ANNUAL AVERAGE OF QUARTERLY PROJECTIONS)

	2021	2022	2023	2024
Eurozone	5.1%	3.8%	1.9%	1.5%
France	6.7%	3.5%	1.6%	1.4%
Italy	6.2%	3.0%	1.0%	0.7%
Belgium	6.0%	3.0%	1.4%	1.3%
United States	5.4%	3.2%	2.5%	2.2%

➤ **10-YEAR SOVEREIGN BOND YIELDS, BASELINE SCENARIO AS AT 31 DECEMBER 2021**
(ANNUAL AVERAGE)

	2021	2022	2023	2024
Germany	-0.33%	-0.08%	0.03%	0.05%
France	-0.04%	0.26%	0.33%	0.35%
Italy	0.73%	1.03%	1.13%	1.18%
Belgium	-0.05%	0.23%	0.33%	0.35%
United States	1.45%	1.85%	2.05%	2.10%

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.

Despite the improvement in the health situation observed in recent quarters, the emergence of possibly more virulent forms of the coronavirus could have a more marked impact on activity than expected in the baseline scenario. In addition, supply disruptions and reduced supportive fiscal measures could have negative effects in certain sectors and economies.

The following risks appear strengthened in the context of the health crisis:

- **Possible negative effects on demand:** the pandemic could have more lasting consequences (some permanently affected sectors, deteriorated public finances, sharp rise in private debt in some economies) and short-term developments (unemployment, bankruptcies, *etc.*) could be less favourable than expected as governments put an end to measures aimed at helping households and businesses during the crisis. Such developments could weigh on demand.
- **Pressure on financial institutions' profitability:** some borrowers may experience difficulties in repaying their debt with the withdrawal of government support measures. In addition, possible financial turbulence and still extremely low interest rates might weigh on banking profitability and credit availability.
- **Market corrections:** market corrections could affect some financial and real estate markets, given sometimes very favourable developments in asset values in the aftermath of the health crisis, notably reflecting supportive monetary and fiscal policies.
- **Tensions related to public finances:** given the extent of the contraction in activity and the amount of fiscal support provided by governments to compensate for this major shock to activity, debt-to-GDP ratios have substantially increased in some countries and often reached 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. While the euro area looks more exposed to this risk than other areas for structural reasons, the ECB has shown in recent years that it has tools to limit the magnitude of such potential shocks.
- **Further difficulties in China:** following the health crisis, additional difficulties cannot be excluded, either in terms of activity or on other fronts (*e.g.* public finances, difficulties in the real estate markets, political tensions). Given the weight of the Chinese economy, these difficulties could impact global financial markets, global trade and commodities prices.

- **Difficulties in emerging markets:** some emerging markets are under pressure for various reasons (*e.g.* domestic economic imbalances and political tensions, deteriorating international relationships) and the health crisis may have added to these fragilities (delayed vaccination campaigns compared to mature economies). Argentina, Brazil, Hong Kong and Turkey are among large emerging markets that are worth monitoring.

Other risks, not directly linked to the health crisis, are also embedded in the adverse scenario:

- **Trade risks:** disagreements between the United States and China on geopolitical issues, intellectual property protection, technology transfers or industrial policies are likely to persist. Following the health crisis, the United States and other mature economies are also likely to try to become less reliant on China in some areas deemed strategic. Tensions related to trade and globalisation are therefore likely to remain or even worsen.
- **Geopolitical risks:** Tensions, in the Middle East and East Asia, have in particular the potential to weigh on the global economy through shocks to commodity prices, financial markets, and business confidence.

It is assumed that these latent risks materialise from the first quarter of 2022.

Among considered countries, GDP levels in the adverse scenario stand between 5.8% and 12.2% lower than in the baseline scenario at the end of the shock period (three years), at 31 December 2021 (same as at 31 December 2020). In particular, this deviation reaches 7.1% on average in the eurozone and 5.8% in the United States.

Scenario weighting and cost of risk sensitivity

As at 31 December 2021, the weighting of the adverse scenario considered by the Group, excluding BancWest under IFRS 5, is on average equivalent to that of the favourable scenario reflecting a position close to equilibrium in the credit cycle. As at 31 December 2020, the average weighting of the adverse scenario was 16% and 34% for the favourable scenario (including BancWest).

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 is assessed by comparing the estimated expected credit losses resulting from the weighting of the above scenarios with that resulting from each of the two alternative scenarios:

- an increase in ECL of 18%, or EUR 950 million according to the adverse scenario (14% as at 31 December 2020);
- a decrease in ECL of 12%, or EUR 600 million according to the favourable scenario (8% as at 31 December 2020).

Adaptation of the ECL assessment process to factor in the specific nature of the health crisis:

Macroeconomic scenarios provisioning the models

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 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 2020, the medium-term perspective adopted for the baseline scenario reduced the loss of income for the eurozone by an amount much lower than that of governments and European Central Bank support measures. Conversely, it has led to a moderation in the favourable impacts of the economic rebounds observed in 2021.

Post-model adjustments

Conservative adjustments were 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 consumer credit specialised business, a conservative adjustment had been considered in 2020 for loans that have benefitted from a moratorium. In 2021, this adjustment was reversed in connection with the satisfactory return to payment observed on these loans. A conservative adjustment was also established to compensate for the atypical level of late payments.

These adjustments represent 4.8% of the total amount of expected credit losses as at 31 December 2021, compared to 5.5% as at 31 December 2020.

Moratoria and state guarantees

For the new loans secured by a state guarantee (mostly in France and Italy), the computation of expected credit losses has been adjusted accordingly.

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. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*	Year to 31 Dec. 2020 *including discontinued activities*
Net allowances to impairment	(2,591)	(4,960)	(5,358)
Recoveries on loans and receivables previously written off	321	369	457
Losses on irrecoverable loans	(701)	(804)	(816)
TOTAL COST OF RISK FOR THE PERIOD	**(2,971)**	**(5,395)**	**(5,717)**

➤ COST OF RISK FOR THE PERIOD BY ACCOUNTING CATEGORIES AND ASSET TYPE

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Cash and balances at central banks	(8)	(5)
Financial instruments at fair value through profit or loss	6	(181)
Financial assets at fair value through equity	(6)	(6)
Financial assets at amortised cost	(2,779)	(4,965)
Loans and receivables	*(2,763)*	*(4,931)*
Debt securities	*(16)*	*(34)*
Other assets	12	(17)
Financing and guarantee commitments and other items	(196)	(221)
TOTAL COST OF RISK FOR THE PERIOD	**(2,971)**	**(5,395)**
Cost of risk on unimpaired assets and commitments	*(17)*	*(1,216)*
of which stage 1	*268*	*(769)*
of which stage 2	*(285)*	*(447)*
Cost of risk on impaired assets and commitments – stage 3	*(2,954)*	*(4,179)*

➤ CREDIT RISK IMPAIRMENT

Change in impairment by accounting category and asset type during the period

In millions of euros	31 December 2020	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2021
Assets impairment					
Amounts due from central banks	17	9		(8)	18
Financial instruments at fair value through profit or loss	148	(20)		(7)	121
Impairment of assets at fair value through equity	132	6		2	140
Financial assets at amortised cost	21,704	2,438	(3,867)	(79)	20,196
Loans and receivables	*21,546*	*2,421*	*(3,867)*	*(72)*	*20,028*
Debt securities	*158*	*17*		*(7)*	*168*
Other assets	104	(15)	(29)	(1)	59
Total impairment of financial assets	**22,105**	**2,418**	**(3,896)**	**(93)**	**20,534**
of which stage 1	*2,379*	*(219)*	*(8)*	*(261)*	*1,891*
of which stage 2	*3,166*	*176*	*(6)*	*(588)*	*2,748*
of which stage 3	*16,560*	*2,461*	*(3,882)*	*756*	*15,895*
Provisions recognised as liabilities					
Provisions for commitments	964	60	(1)	(65)	958
Other provisions	383	113	(52)	23	467
Total provisions recognised for credit commitments	**1,347**	**173**	**(53)**	**(42)**	**1,425**
of which stage 1	*319*	*(55)*		*(34)*	*230*
of which stage 2	*297*	*100*		*(23)*	*374*
of which stage 3	*731*	*128*	*(53)*	*15*	*821*
TOTAL IMPAIRMENT AND PROVISIONS	**23,452**	**2,591**	**(3,949)**	**(135)**	**21,959**

Change in impairment by accounting category and asset type during the previous 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 of amortised cost financial assets during the 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 2020	**2,343**	**3,142**	**16,219**	**21,704**
Net allowance to impairment	**(216)**	**168**	**2,486**	**2,438**
Financial assets purchased or originated during the period	608	242		850
Financial assets derecognised during the period(1)	(353)	(295)	(896)	(1,544)
Transfer to stage 2	(190)	1,726	(393)	1,143
Transfer to stage 3	(22)	(598)	1,837	1,217
Transfer to stage 1	117	(724)	(45)	(652)
Other allowances/reversals without stage transfer(2)	(376)	(183)	1,983	1,424
Impairment provisions used	**(8)**	**(6)**	**(3,853)**	**(3,867)**
Changes in exchange rate	**(1)**	**(32)**	**95**	**62**
Changes in scope of consolidation and other items	**(28)**	**(355)**	**739**	**356**
Reclassification of assets held for sale	**(223)**	**(203)**	**(71)**	**(497)**
At 31 December 2021	**1,867**	**2,714**	**15,615**	**20,196**

(1) Including disposals.

(2) Including amortisation.

In 2021, the increase in financial assets subject to impairment mainly relates to better quality outstandings, rated 1 to 3 or 4 to 5 or equivalent, and classified in stage 1 (see section 5.4 *Credit risk* of the Universal Registration Document, Table 53: *Breakdown of financial assets subject to impairment by stage and by internal rating*).

Transfers of outstandings from stage 1 to stage 2 were made during the year (EUR 16 billion increase in loans and advances at amortised cost classified in stage 2, including assets held for sale) due in particular to the less favourable outlook for exposures of the sectors most affected by the health crisis which were taken into account in the evaluation of the significant increase in credit risk criterion, and to the update of counterparties' ratings in line with the results of the annual calibration exercises of the rating models (backtesting) for the French retail banking.

These transfers have an upward impact on stage 1 and 2 provisions over the period. On the other hand, the favourable evolution in 2021 of macroeconomic forecasts for all geographies has a downward effect on the cost of risk in stage 1 and 2.

In this way, the "Other allowances / reversals without stage transfer" on stage 1 and 2 are particularly affected by the effects on the expected credit losses calculation of the evolution of the projections reflected in the macroeconomic scenarios for 2020 and 2021.

The line "Changes in scope of consolidation and other items" includes the effect of the alignment with the 28 September 2016 EBA guidelines related to the definition of default for the consumer credit specialised business.

The reclassification of assets held for sale is valued as at 1 January 2021.

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 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)**
Changes in exchange rate	**(63)**	**(102)**	**(461)**	**(626)**
Changes in scope of consolidation and other items	**(11)**	**(272)**	**(367)**	**(650)**
AT 31 DECEMBER 2020	**2,343**	**3,142**	**16,219**	**21,704**

(1) Including disposals.
(2) Including amortisation.

2.I NET GAIN ON NON-CURRENT ASSETS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Net gain on investments in consolidated undertakings	355	268
Net gain on tangible and intangible assets	479	762
Net gain on non-current assets	**834**	**1,030**

The net gain on non-current assets mainly results from the partial disposal of Allfunds Group Plc for EUR 444 million in 2021, and the disposal of properties for EUR 486 million in 2021 and EUR 699 million in 2020.

2.J CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France	Year to 31 Dec. 2021 in millions of euros	Year to 31 Dec. 2021 tax rate	Year to 31 Dec. 2020 *restated according to IFRS 5* in millions of euros	Year to 31 Dec. 2020 *restated according to IFRS 5* tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France(1)	**(3,454)**	**28.4%**	**(2,853)**	**32.0%**
Impact of differently taxed foreign profits	201	-1.7%	389	-4.4%
Impact of dividends and disposals taxed at reduced rate	153	-1.3%	170	-1.9%
Impact of the non-deductibility of taxes and bank levies(2)	(253)	2.1%	(240)	2.7%
Impact of previously unrecognised deferred taxes (tax losses and temporary differences)	-	-	94	-1.1%
Other items	(231)	2.0%	139	-1.5%
Corporate income tax expense from continuing activities	**(3,584)**	**29.5%**	**(2,301)**	**25.8%**
Current tax expense for the year to 31 December	*(2,806)*		*(2,217)*	
Deferred tax expense for the year to 31 December (note 4.k)	*(778)*		*(84)*	

(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.

The information and financial elements contained in this note reflect an operational view and include BancWest's activity within the various income statement aggregates. A separate line reconciles the operational view with the one impacted by the application of IFRS 5.

➤ INCOME BY BUSINESS SEGMENT

	Year to 31 Dec. 2021						**Year to 31 Dec. 2020**					
In millions of euros	**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)	**5,981**	(4,412)	(428)	**1,141**	37	**1,178**	**5,667**	(4,353)	(487)	**827**	38	**865**
BNL banca commerciale(1)	**2,591**	(1,727)	(488)	**376**		**376**	**2,586**	(1,697)	(524)	**365**	(2)	**363**
Belgian Retail Banking(1)	**3,340**	(2,270)	(100)	**970**	19	**989**	**3,267**	(2,307)	(230)	**731**	31	**762**
Other Domestic Markets activities(1)	**3,825**	(2,065)	(157)	**1,603**	6	**1,608**	**3,412**	(1,911)	(205)	**1,297**	(13)	**1,284**
International Financial Services												
Personal Finance	**5,216**	(2,817)	(1,314)	**1,085**	78	**1,163**	**5,485**	(2,756)	(1,997)	**732**	(61)	**672**
International Retail Banking												
Europe-Mediterranean(1)	**1,926**	*(1,596)*	*(145)*	**184**	*181*	**366**	**2,346**	*(1,704)*	*(437)*	**206**	*187*	**392**
BancWest(1)	**2,361**	*(1,654)*	*45*	**752**	*19*	**771**	**2,399**	*(1,685)*	*(322)*	**392**		**392**
Insurance	**2,827**	(1,536)	(1)	**1,289**	79	**1,368**	**2,725**	(1,463)	(1)	**1,261**	121	**1,382**
Wealth and Asset Management	**3,422**	(2,628)	(12)	**782**	169	**951**	**2,982**	(2,510)	(17)	**455**	128	**583**
Corporate & Institutional Banking												
Corporate Banking	**5,087**	(2,639)	(201)	**2,247**	11	**2,259**	**4,727**	(2,623)	(1,308)	**796**	9	**806**
Global Markets	**6,820**	(4,887)	27	**1,960**	19	**1,979**	**6,819**	(4,452)	(117)	**2,250**	4	**2,254**
Securities Services	**2,329**	(1,874)	1	**457**	27	**484**	**2,217**	(1,845)	1	**373**	21	**394**
Other Activities	**512**	(1,007)	(153)	**(647)**	792	**144**	**(358)**	(890)	(72)	**(1,321)**	994	**(327)**
TOTAL GROUP	**46,235**	**(31,111)**	**(2,925)**	**12,199**	**1,438**	**13,637**	**44,275**	**(30,194)**	**(5,717)**	**8,364**	**1,458**	**9,822**
Reclassification of discontinued activities (note 7.d)	**(2,473)**	**1,645**	**(46)**	**(874)**	**(19)**	**(893)**	**(2,496)**	**1,689**	**322**	**(485)**	**-**	**(485)**
TOTAL CONTINUING ACTIVITIES(2)	**43,762**	**(29,466)**	**(2,971)**	**11,325**	**1,419**	**12,744**	**41,779**	**(28,505)**	**(5,395)**	**7,979**	**1,458**	**9,337**

(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.

(2) Year to 31 Dec. 2020 restated according to IFRS 5.

➤ NET COMMISSION INCOME BY BUSINESS SEGMENT, INCLUDING FEES ACCOUNTED FOR UNDER "NET INCOME FROM INSURANCE ACTIVITIES"

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Retail Banking & Services		
Domestic Markets		
French Retail Banking(1)	2,677	2,461
BNL banca commerciale(1)	1,071	991
Belgian Retail Banking(1)	981	877
Other Domestic Markets activities(1)	614	553
International Financial Services		
Personal Finance	750	831
International Retail Banking	849	787
Europe Mediterranean(1)	*467*	*470*
BancWest(1)	*382*	*317*
Insurance	(3,072)	(3,203)
Wealth and Asset Management	2,441	2,063
Corporate & Institutional Banking		
Corporate Banking	2,199	2,061
Global Markets	(891)	(835)
Securities Services	1,458	1,317
Other activities	**(43)**	**26**
TOTAL GROUP	**9,034**	**7,930**

(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

	31 December 2021		31 December 2020	
In millions of euros	Asset	Liability	Asset	Liability
Retail Banking & Services				
Domestic Markets	**582,463**	**619,611**	**555,556**	**588,095**
French Retail Banking	218,249	250,094	212,821	235,018
BNL banca commerciale	94,229	92,427	89,638	87,647
Belgian Retail Banking	188,732	204,867	180,371	201,786
Other Domestic Markets activities	81,253	72,223	72,726	63,644
International Financial Services	**552,522**	**491,392**	**520,533**	**466,272**
Personal Finance	90,753	23,507	90,152	22,848
International Retail Banking	145,625	131,837	131,893	124,023
Europe-Mediterranean	*57,323*	*51,206*	*57,584*	51,689
BancWest	*88,302*	*80,631*	*74,309*	72,334
Insurance	280,766	262,238	265,356	249,967
Wealth and Asset Management	35,378	73,810	33,132	69,434
Corporate and Institutional Banking	**1,098,288**	**1,232,312**	**1,032,269**	**1,157,842**
Other Activities	**401,171**	**291,129**	**380,133**	**276,282**
TOTAL GROUP	**2,634,444**	**2,634,444**	**2,488,491**	**2,488,491**

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 INCLUDING NET INCOME FROM DISCONTINUED ACTIVITIES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Europe	34,750	31,957
North America	5,458	5,719
Asia & Pacific	3,576	3,799
Others	2,451	2,800
TOTAL GROUP	**46,235**	**44,275**

➤ **ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA**

In millions of euros	31 December 2021	31 December 2020
Europe	2,139,434	2,016,720
North America	284,470	256,966
Asia & Pacific	166,160	167,526
Others	44,380	47,279
TOTAL GROUP	**2,634,444**	**2,488,491**

NOTE 4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2021

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 whose characteristics prevent their accounting at amortised cost or at fair value through equity.

	31 December 2021				31 December 2020			
In millions of euros	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	181,079	2,898	7,530	191,507	160,632	347	6,948	167,927
Loans and repurchase agreements	247,507		2,301	249,808	243,938		940	244,878
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**428,586**	**2,898**	**9,831**	**441,315**	**404,570**	**347**	**7,888**	**412,805**
Securities	112,338			112,338	94,263			94,263
Deposits and repurchase agreements	291,577	1,879		293,456	286,741	1,854		288,595
Issued debt securities (note 4.h)		70,383		70,383		64,048		64,048
of which subordinated debt		*947*		947		*851*		*851*
of which non subordinated debt		*62,334*		62,334		*56,882*		*56,882*
of which debt representative of shares of consolidated funds held by third parties		*7,102*		7,102		*6,315*		*6,315*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**403,915**	**72,262**		**476,177**	**381,004**	**65,902**		**446,906**

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 2021 was EUR 59,958 million (EUR 60,065 million at 31 December 2020).

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.

	31 December 2021		31 December 2020	
In millions of euros	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	119,219	107,490	151,201	142,509
Foreign exchange derivatives	75,314	75,694	83,246	85,298
Credit derivatives	8,371	8,451	8,152	8,666
Equity derivatives	24,217	35,071	29,271	42,134
Other derivatives	13,302	10,691	4,909	4,001
DERIVATIVE FINANCIAL INSTRUMENTS	**240,423**	**237,397**	**276,779**	**282,608**

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 2021				31 December 2020			
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	1,319,006	9,761,179	4,846,327	15,926,512	1,338,251	8,962,795	4,569,738	14,870,784
Foreign exchange derivatives	56,415	133,330	6,873,623	7,063,368	26,929	94,633	5,507,868	5,629,430
Credit derivatives		392,338	545,919	938,257		376,689	558,222	934,911
Equity derivatives	799,005		506,164	1,305,169	697,858		461,793	1,159,651
Other derivatives	107,162		92,077	199,239	70,830		54,494	125,324
DERIVATIVE FINANCIAL INSTRUMENTS	**2,281,588**	**10,286,847**	**12,864,110**	**25,432,545**	**2,133,868**	**9,434,117**	**11,152,115**	**22,720,100**

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 1,050 billion as at 31 December 2021 (EUR 749 billion as at 31 December of 2020).

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 2021			31 December 2020		
In millions of euros	Notional amounts	Positive fair value	Negative fair value	Notional amounts	Positive fair value	Negative fair value
Fair value hedges	**755,989**	**7,010**	**9,593**	**757,650**	**13,100**	**12,764**
Interest rate derivatives	746,253	6,689	9,512	748,871	12,830	12,594
Foreign exchange derivatives	9,736	321	81	8,779	270	170
Cash flow hedges	**213,743**	**1,606**	**481**	**205,208**	**2,489**	**505**
Interest rate derivatives	50,509	1,085	254	55,065	1,947	300
Foreign exchange derivatives	162,827	442	209	149,807	529	152
Other derivatives	407	79	18	336	13	53
Net foreign investment hedges	**2,659**	**64**	**2**	**1,937**	**11**	**51**
Foreign exchange derivatives	2,659	64	2	1,937	11	51
DERIVATIVES USED FOR HEDGING PURPOSES	**972,391**	**8,680**	**10,076**	**964,795**	**15,600**	**13,320**

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 2021:

	Hedging instruments				Hedged instruments			
In millions of euros, as at 31 December 2021	**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	**302,733**	**3,013**	**6,008**	**(643)**	**110,232**	**1,530**	**116,360**	**1,131**
Interest rate derivatives hedging the interest rate risk related to	**294,121**	**2,818**	**5,939**	**(741)**	**105,419**	**1,601**	**112,726**	**1,099**
Loans and receivables	20,854	213	518	(278)	19,242	276		
Securities	112,596	1,179	5,399	(1,531)	86,177	1,325		
Deposits	6,725	351	17	274			6,644	271
Debt securities	153,946	1,075	5	794			106,082	828
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**8,612**	**195**	**69**	**98**	**4,813**	**(71)**	**3,634**	**32**
Loans and receivables	2,433	140	2	48	2,308	(51)		
Securities	2,518	28	12	20	2,505	(20)		
Deposits	181	3	21	9			197	9
Debt securities	3,480	24	34	21			3,437	23
Interest rate risk hedged portfolios	**453,256**	**3,997**	**3,585**	**(16)**	**109,933**	**1,463**	**178,771**	**1,320**
Interest rate derivatives hedging the interest rate risk related to(1)	**452,132**	**3,871**	**3,573**	**(58)**	**108,893**	**1,504**	**178,771**	**1,320**
Loans and receivables	183,765	606	2,574	(1,603)	108,893	1,504		
Deposits	268,367	3,265	999	1,545			178,771	1,320
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**1,124**	**126**	**12**	**42**	**1,040**	**(41)**		
Loans and receivables	1,124	126	12	42	1,040	(41)		
TOTAL FAIR VALUE HEDGE	**755,989**	**7,010**	**9,593**	**(659)**	**220,165**	**2,993**	**295,131**	**2,451**

(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 55,414 million for derivatives hedging loans and receivables and EUR 86,139 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 2020:

	Hedging instruments				Hedged instruments			
In millions of euros, as at 31 December 2020	**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.

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 1,626 million in assets as at 31 December 2021, and to EUR 14 million in liabilities, for hedges of portfolios of financial instruments. At 31 December 2020, these amounts were EUR 1,194 million in assets and 18 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 213,743 million as at 31 December 2021. Changes in assets and liabilities recognised directly in equity amount to EUR 1,329 million. At 31 December 2020, the notional amount of cash flow hedge derivatives was EUR 205,208 million and changes in assets and liabilities recognised directly in equity amounted to EUR 2,009 million.

The tables below present the notional amounts of hedging derivatives by maturity as at 31 December 2021 and as at 31 December 2020:

	Maturity date			
In millions of euros, as at 31 December 2021	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Fair value hedges	**149,613**	**340,799**	**265,577**	**755,989**
Interest rate derivatives	146,649	334,411	265,193	746,253
Foreign exchange derivatives	2,964	6,388	384	9,736
Cash flow hedges	**146,392**	**43,108**	**24,243**	**213,743**
Interest rate derivatives	10,350	27,777	12,382	50,509
Foreign exchange derivatives	135,867	15,099	11,861	162,827
Other derivatives	175	232		407
Net foreign investment hedges	**2,559**	**100**	**-**	**2,659**
Foreign exchange derivatives	2,559	100		2,659

	Maturity date			
In millions of euros, as at 31 December 2020	**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

4.C FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

In millions of euros	31 December 2021		31 December 2020	
	Fair value	of which changes in value recognised directly to equity	Fair value	of which changes in value recognised directly to equity
Debt securities	**38,906**	**(1)**	**55,981**	**613**
Governments	19,980	117	30,989	414
Other public administrations	13,000	51	17,970	244
Credit institutions	4,138	(169)	5,140	(39)
Others	1,788		1,882	(6)
Equity securities	**2,558**	**933**	**2,209**	**535**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**41,464**	**932**	**58,190**	**1,148**

Debt securities at fair value through equity include EUR 105 million classified as stage 3 at 31 December 2021 (EUR 108 million at 31 December 2020). 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 2021 (remained unchanged compared with the previous year).

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 2021, the Group sold one of these investments and an unrealised gain of EUR 12 million was transferred to "retained earnings" (EUR 84 million at 31 December 2020).

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.

Future Hedging Costs adjustments (FHC): this adjustment applies to positions classified in Level 3 that require dynamic hedging throughout their lifetime leading to additional bid/offer costs. Calculation methods capture these expected costs in particular based on the optimal hedging frequency.

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 i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) 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 359 million as at 31 December 2021, compared with an increase in value of EUR 408 million as at 31 December 2020, *i.e.* a EUR 49 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 2021
	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	**152,215**	**28,234**	**630**	**181,079**	**3,520**	**1,865**	**5,043**	**10,428**	**33,356**	**6,987**	**1,121**	**41,464**
Governments	82,556	10,962	36	93,554				-	16,263	3,717		19,980
Other debt securities	20,921	15,697	404	37,022	2,867	696	404	3,967	15,551	3,057	318	18,926
Equities and other equity securities	48,738	1,575	190	50,503	653	1,169	4,639	6,461	1,542	213	803	2,558
Loans and repurchase agreements	**-**	**246,895**	**612**	**247,507**	**-**	**1,398**	**903**	**2,301**	**-**	**-**	**-**	**-**
Loans		6,525	13	6,538		1,398	903	2,301				
Repurchase agreements		240,370	599	240,969				-				
FINANCIAL ASSETS AT FAIR VALUE	**152,215**	**275,129**	**1,242**	**428,586**	**3,520**	**3,263**	**5,946**	**12,729**	**33,356**	**6,987**	**1,121**	**41,464**
Securities	**110,117**	**2,064**	**157**	**112,338**	**-**	**-**	**-**	**-**				
Governments	76,019	267		76,286				-				
Other debt securities	14,382	1,683	117	16,182				-				
Equities and other equity securities	19,716	114	40	19,870				-				
Borrowings and repurchase agreements	**-**	**290,659**	**918**	**291,577**	**-**	**1,556**	**323**	**1,879**				
Borrowings		1,758		1,758		1,556	323	1,879				
Repurchase agreements		288,901	918	289,819				-				
Issued debt securities *(note 4.h)*	**-**	**-**	**-**	**-**	**2,716**	**47,409**	**20,258**	**70,383**				
Subordinated debt *(note 4.h)*				-		947		947				
Non subordinated debt *(note 4.h)*				-		42,076	20,258	62,334				
Debt representative of shares of consolidated funds held by third parties				-	2,716	4,386		7,102				

FINANCIAL LIABILITIES AT FAIR VALUE	**110,117**	**292,723**	**1,075**	**403,915**	**2,716**	**48,965**	**20,581**	**72,262**

	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**	**40,840**	**17,968**	**64,048**				
Subordinated debt *(note 4.h)*				-		851		851				
Non subordinated debt *(note 4.h)*				-		38,914	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**	**42,549**	**18,113**	**65,902**

	31 December 2021							
	Positive market value				Negative market value			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	331	117,854	1,034	119,219	318	105,988	1,184	107,490
Foreign exchange derivatives	40	74,827	447	75,314	36	75,388	270	75,694
Credit derivatives		7,532	839	8,371		7,562	889	8,451
Equity derivatives	9,770	12,741	1,706	24,217	12,593	15,795	6,683	35,071
Other derivatives	1,284	11,962	56	13,302	1,179	9,359	153	10,691
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**11,425**	**224,916**	**4,082**	**240,423**	**14,126**	**214,092**	**9,179**	**237,397**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**8,680**	**-**	**8,680**	**-**	**10,076**	**-**	**10,076**

	31 December 2020							
	Positive market value				Negative market value			
In millions of euros	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**

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 2021, 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 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 those 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	599	918	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 bp to 95 bps	29 bps(a)
Interest rate derivatives	1,034	1,184	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	27% to 59%	37%(a)
			Hybrid inflation rates/Interest rates derivatives	Hybrid inflation interest rate option pricing model	Correlation between interest rates and inflation rates mainly in Europe.	0% to 25%	16%
			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	0.7% to 8.8%	(b)
					Volatility of the year on year inflation rate	0.3% to 2.7%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.4% to 0.7%	(b)

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
			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%(a)

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
Credit derivatives	839	889	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	28% to 86%	(b)
					Recovery rate variance for single name underlyings	0 to 25%	(b)
			N-to-default baskets	Credit default model	Default correlation	48% to 84%	58%(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)	34 bps to 162 bps(1)	114 bps(c)
					Illiquid credit default spread curves (across main tenors)	3 bps to 826 bps(2)	66 bps(c)
Equity derivatives	1,706	6,683	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 105%(3)	32%(d)
					Unobservable equity correlation	27% to 99%	70%(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 distribution, consumer and transportation 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 eight 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 203%.

(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 2021:

	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 2020	**5,143**	**5,687**	**1,147**	**11,977**	**(11,345)**	**(18,113)**	**(29,458)**
Purchases	638	1,291	127	**2,056**			**-**
Issues				**-**		(5,691)	**(5,691)**
Sales	(622)	(1,081)	(2)	**(1,705)**	(242)		**(242)**
Settlements(1)	1,461	(442)	(169)	**850**	877	7,532	**8,409**
Transfers to Level 3	1,416	23	10	**1,449**	(1,226)	(3,640)	**(4,866)**
Transfers from Level 3	(1,118)	(46)	(31)	**(1,195)**	1,528	347	**1,875**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	793	457	(11)	**1,239**	2,620	(958)	**1,662**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	(2,403)	(18)		**(2,421)**	(2,467)	(58)	**(2,525)**
Changes in fair value of assets and liabilities recognised directly in equity				-			-
Items related to exchange rate movements	16	75	4	**95**	1		**1**
Changes in fair value of assets and liabilities recognised in equity			46	**46**			**-**
AT 31 DECEMBER 2021	**5,324**	**5,946**	**1,121**	**12,391**	**(10,254)**	**(20,581)**	**(30,835)**

(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.

	31 December 2021		31 December 2020	
In millions of euros	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Debt securities	+/-7	+/-3	+/-5	+/-3
Equities and other equity securities	+/-48	+/-8	+/-48	+/-8
Loans and repurchase agreements	+/-12		+/-13	
Derivative financial instruments	+/-588		+/-620	
Interest rate and foreign exchange derivatives	*+/-322*		*+/-360*	
Credit derivatives	*+/-35*		*+/-49*	
Equity derivatives	*+/-227*		*+/-199*	
Other derivatives	*+/-4*		*+/-12*	
SENSITIVITY OF LEVEL 3 FINANCIAL INSTRUMENTS	**+/-655**	**+/-11**	**+/-686**	**+/-11**

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") primarily 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 2020	Deferred margin on transactions during the period	Margin taken to the profit and loss account during the period	Deferred margin at 31 December 2021
Interest rate and foreign exchange derivatives	244	89	(129)	204
Credit derivatives	174	92	(102)	164

Equity derivatives	414	608	(621)	401
Other instruments	11	26	(28)	9
Financial instruments	**843**	**815**	**(880)**	**778**

4.E FINANCIAL ASSETS AT AMORTISED COST

➤ DETAIL OF LOANS AND ADVANCES BY NATURE

	31 December 2021			31 December 2020		
In millions of euros	Gross value	Impairment *(note 2.h)*	Carrying amount	Gross value	Impairment *(note 2.h)*	Carrying amount
Loans and advances to credit institutions	**21,844**	**(93)**	**21,751**	**19,082**	**(100)**	**18,982**
On demand accounts	9,009	(8)	9,001	7,241	(12)	7,229
Loans(1)	10,635	(85)	10,550	10,009	(88)	9,921
Repurchase agreements	2,200		2,200	1,832		1,832
Loans and advances to customers	**833,935**	**(19,935)**	**814,000**	**830,979**	**(21,446)**	**809,533**
On demand accounts	52,488	(3,157)	49,331	37,639	(3,409)	34,230
Loans to customers	740,080	(15,658)	724,422	752,797	(16,888)	735,909
Finance leases	41,026	(1,120)	39,906	39,220	(1,149)	38,071
Repurchase agreements	341		341	1,323		1,323
TOTAL LOANS AND ADVANCES AT AMORTISED COST	**855,779**	**(20,028)**	**835,751**	**850,061**	**(21,546)**	**828,515**

(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 2021	31 December 2020
Gross investment	**43,823**	**41,899**
Receivable within 1 year	12,276	11,602
Receivable after 1 year but within 5 years	27,399	26,306
Receivable beyond 5 years	4,148	3,991
Unearned interest income	**(2,797)**	**(2,679)**
Net investment before impairment	**41,026**	**39,220**
Receivable within 1 year	11,289	10,675
Receivable after 1 year but within 5 years	25,845	24,816
Receivable beyond 5 years	3,892	3,729

Impairment provisions	**(1,120)**	**(1,149)**
Net investment after impairment	**39,906**	**38,071**

➤ DETAIL OF DEBT SECURITIES BY TYPE OF ISSUER

	31 December 2021			31 December 2020		
In millions of euros	Gross value	Impairment *(note 2.h)*	Carrying amount	Gross value	Impairment *(note 2.h)*	Carrying amount
Governments	57,221	(20)	57,201	62,044	(22)	62,022
Other public administration	17,317	(2)	17,315	24,248	(2)	24,246
Credit institutions	10,593	(2)	10,591	10,461	(2)	10,459
Others	23,547	(144)	23,403	21,721	(132)	21,589
TOTAL DEBT SECURITIES AT AMORTISED COST	**108,678**	**(168)**	**108,510**	**118,474**	**(158)**	**118,316**

➤ DETAIL OF FINANCIAL ASSETS AT AMORTISED COST BY STAGE

	31 December 2021			31 December 2020		
In millions of euros	Gross Value	Impairment *(note 2.h)*	Carrying amount	Gross Value	Impairment *(note 2.h)*	Carrying amount
Loans and advances to credit institutions	**21,844**	**(93)**	**21,751**	**19,082**	**(100)**	**18,982**
Stage 1	21,516	(13)	21,503	18,517	(19)	18,498
Stage 2	242	(2)	240	486	(8)	478
Stage 3	86	(78)	8	79	(73)	6
Loans and advances to customers	**833,935**	**(19,935)**	**814,000**	**830,979**	**(21,446)**	**809,533**
Stage 1	701,259	(1,834)	699,425	707,664	(2,303)	705,361
Stage 2	104,857	(2,687)	102,170	93,244	(3,101)	90,143
Stage 3	27,819	(15,414)	12,405	30,071	(16,042)	14,029
Debt securities	**108,678**	**(168)**	**108,510**	**118,474**	**(158)**	**118,316**
Stage 1	108,006	(20)	107,986	117,357	(21)	117,336
Stage 2	412	(25)	387	847	(33)	814
Stage 3	260	(123)	137	270	(104)	166
TOTAL FINANCIAL ASSETS AT AMORTISED COST	**964,457**	**(20,196)**	**944,261**	**968,535**	**(21,704)**	**946,831**

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.

	31 December 2021			
	Impaired financial assets (Stage 3)			Collateral received
In millions of euros	Gross value	Impairment	Net	
Loans and advances to credit institutions *(note 4.e)*	86	(78)	8	1
Loans and advances to customers *(note 4.e)*	27,819	(15,414)	12,405	8,068
Debt securities at amortised cost *(note 4.e)*	260	(123)	137	25
TOTAL AMORTISED-COST IMPAIRED ASSETS (STAGE 3)	**28,165**	**(15,615)**	**12,550**	**8,094**
Financing commitments given	1,088	(89)	999	65
Guarantee commitments given	833	(265)	568	192
TOTAL OFF-BALANCE SHEET IMPAIRED COMMITMENTS (STAGE 3)	**1,921**	**(354)**	**1,567**	**257**

	31 December 2020			
	Impaired financial assets (Stage 3)			Collateral received
In millions of euros	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**

The following table presents gross exposures of stage 3 assets change (EU CR2):

Gross value *In millions of euros*	Year to 31 Dec. 2021	Year to 31 Dec. 2020
IMPAIRED EXPOSURES (STAGE 3) AT OPENING BALANCE	**30,420**	**30,088**
Transfer to stage 3	6,432	8,623
Transfer to stage 1 or stage 2	(2,548)	(2,306)
Assets written off	(4,491)	(4,188)
Other changes	(1,648)	(1,797)

IMPAIRED EXPOSURES (STAGE 3) AT CLOSING BALANCE	**28,165**	**30,420**

4.G FINANCIAL LIABILITIES AT AMORTISED COST DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

In millions of euros	31 December 2021	31 December 2020
Deposits from credit institutions	**165,699**	**147,657**
On demand accounts	9,105	8,995
Interbank borrowings(1)	147,635	130,999
Repurchase agreements	8,959	7,663
Deposits from customers	**957,684**	**940,991**
On demand deposits	634,784	613,311
Savings accounts	158,932	156,508
Term accounts and short-term notes	163,429	170,097
Repurchase agreements	539	1,075

(1) Interbank borrowings from credit institutions include term borrowings from central banks, of which EUR 120.1 billion of TLTRO III at 31 December 2021 (EUR 101.8 billion at 31 December 2020).

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 2021	31 December 2020
Debt securities							**62,334**	**56,882**
Subordinated debt							**947**	**851**
Redeemable subordinated debt			**(2)**				**41**	**53**
Perpetual subordinated debt							**906**	**798**
BNP Paribas Fortis Dec.-2007(3)	EUR	3,000	Dec.-14	3-month Euribor +200 bps		A	906	798

(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 2021, the liability is eligible to prudential own funds for EUR 205 million.

➤ 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 2021**	**31 December 2020**
Debt securities							**149,723**	**148,303**
Debt securities in issue with an initial maturity of less than one year							**47,293**	**48,332**
Negotiable debt securities							47,293	48,332
Debt securities in issue with an initial maturity of more than one year							**102,430**	**99,971**
Negotiable debt securities							27,256	38,720
Bonds							75,174	61,251
Subordinated debt							**24,720**	**22,474**
Redeemable subordinated debt			**(2)**				**23,000**	**20,739**
Undated subordinated notes							**1,494**	**1,506**
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	240	224
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov.-25	4.032%	3-month Euribor +393 bps	D	1,000	1,000
Others							-	28
Participating notes							**222**	**222**
BNP Paribas SA July-84(3)	EUR	337	-	(4)	-		215	215
Others							7	7
Expenses and commission, related debt							**4**	**7**

(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

	31 December 2021			31 December 2020		
In millions of euros	**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	50,940	87,108	138,048	45,867	73,151	119,018
Derivative financial instruments	1,033		1,033	1,365		1,365
Available-for-sale financial assets	127,413		127,413	130,594		130,594
Held-to-maturity financial assets	981		981	1,443		1,443
Loans and receivables	3,145		3,145	3,214		3,214
Equity-method investments	349		349	354		354
Investment property	2,875	4,354	7,229	2,857	3,732	6,589
TOTAL	**186,736**	**91,462**	**278,198**	**185,694**	**76,883**	**262,577**
Reinsurers’ share of technical reserves	2,568		2,568	2,779		2,779
FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES	**189,304**	**91,462**	**280,766**	**188,473**	**76,883**	**265,356**

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 108.6 billion as at 31 December 2021. It amounted to EUR 116.4 billion as at 31 December 2020, which represents a variation of -EUR 7.8 billion over the period.

The fair value of other financial assets amounts to EUR 170 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 146.5 billion as at 31 December 2020, which represents a variation of +EUR 23.5 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 4.4 billion as at 31 December 2021, compared with EUR 4.3 billion as at 31 December 2020.

➤ 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).

	31 December 2021				31 December 2020			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	**110,750**	**16,196**	**467**	**127,413**	**112,156**	**18,218**	**220**	**130,594**
Equity instruments	9,767	1,338	367	11,472	7,963	1,370	195	9,528
Debt securities	100,983	14,858	100	115,941	104,193	16,848	25	121,066
Financial instruments designated as at fair value through profit or loss	**86,497**	**43,486**	**8,065**	**138,048**	**90,733**	**21,419**	**6,865**	**119,017**
Equity instruments	85,749	34,660	8,037	128,446	89,691	13,036	6,804	109,531
Debt securities	748	8,826	28	9,602	1,042	8,383	61	9,486
Derivative financial instruments	**1**	**909**	**123**	**1,033**	**-**	**1,162**	**203**	**1,365**
FINANCIAL ASSETS MEASURED AT FAIR VALUE	**197,248**	**60,591**	**8,655**	**266,494**	**202,889**	**40,799**	**7,288**	**250,976**

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.

➤ 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 2020	**220**	**7,068**	**7,288**
Purchases	240	4,993	5,233
Sales	(105)	(3,933)	(4,038)
Settlements	(12)	(336)	(348)
Transfers to Level 3	154	207	361
Transfers from Level 3	(27)	(858)	(885)
Gains recognised in profit or loss	22	1,034	1,056
Items related to exchange rate movements		13	13

Changes in fair value of assets and liabilities recognised in equity	(25)		(25)
AT 31 DECEMBER 2021	**467**	**8,188**	**8,655**

➤ DETAILS OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2021			**31 December 2020**		
In millions of euros	**Balance sheet value**	**of which impairment**	**of which changes in value recognised directly in equity**	**Balance sheet value**	**of which impairment**	**of which changes in value recognised directly in equity**
Debt securities	115,941		9,408	121,066		14,934
Equity instruments	11,472	(664)	3,257	9,528	(697)	2,117
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**127,413**	**(664)**	**12,665**	**130,594**	**(697)**	**17,051**

➤ FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

	31 December 2021					**31 December 2020**				
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	1,150			1,150	981	1,686			1,686	1,443
Loans and receivables	-	3,152	3	3,155	3,145	65	3,183	-	3,248	3,214

4.J TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

In millions of euros	**31 December 2021**	**31 December 2020**
Technical reserves – Non-Life insurance contracts	**4,212**	**4,668**
Technical reserves – Life insurance contracts	**168,910**	**155,129**
Insurance contracts	87,325	85,961
Unit-linked contracts	81,585	69,168
Technical liabilities – investment contracts	**50,723**	**48,528**
Investments contracts with discretionary participation feature	41,850	40,916
Investment contracts without discretionary participation feature – Unit-linked contracts	8,873	7,612
Policyholders' surplus reserve – liability	**27,011**	**27,860**
Total technical reserves and liabilities related to insurance and investment contracts	**250,856**	**236,185**

Debts arising out of insurance and reinsurance operations	2,890	2,948
Derivative financial instruments	1,049	1,608
TOTAL TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES	**254,795**	**240,741**

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 2021, unchanged from 2020.

The Liability Adequacy Test required by IFRS 4 and performed by contract portfolio consists of comparing reserves (net of deferred acquisition costs) with an evaluation of future discounted cash flows.

As at 31 December 2021, this test led to additional provisions on the Asian life insurance entities for a total amount of EUR 4 million (EUR 18 million for the year ended 31 December 2020).

The change in technical reserves and liabilities related to insurance contracts breaks down as follows:

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020**
Liabilities related to insurance contracts at start of period	**236,185**	**232,309**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	24,687	21,309
Claims and benefits paid	(18,721)	(17,708)
Effect of changes in value of admissible investments related to unit-linked contracts	8,242	708
Effect of movements in exchange rates	811	(527)
Effect of changes in the scope of consolidation	(348)	94
Liabilities related to insurance contracts at end of period	**250,856**	**236,185**

See note 4.i for details of reinsurers' share of technical reserves.

4.K CURRENT AND DEFERRED TAXES

In millions of euros	**31 December 2021**	**31 December 2020**
Current taxes	1,862	2,016
Deferred taxes	4,004	4,543
Current and deferred tax assets	**5,866**	**6,559**
Current taxes	1,787	1,671
Deferred taxes	1,316	1,330
Current and deferred tax liabilities	**3,103**	**3,001**

Change in deferred tax by nature over the period:

In millions of euros	31 December 2020	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 2021
Financial instruments	(1,061)	(233)	498	(32)	(29)	(857)
Provisions for employee benefit obligations	872	44	-	(96)	(82)	738
Unrealised finance lease reserve	(556)	(14)	-	-	89	(481)
Credit risk impairment	3,145	(319)	-	-	(121)	2,705
Tax loss carryforwards	1,046	(274)	-	-	2	774
Other items	(233)	36	-	-	6	(191)
NET DEFERRED TAXES	**3,213**	**(760)**	**498**	**(128)**	**(135)**	**2,688**
Deferred tax assets	4,543	-	-	-	-	4,004
Deferred tax liabilities	(1,330)	-	-	-	-	(1,316)

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 452 million as at 31 December 2021, with a 4-year expected recovery period (unlimited carryforward period).

Unrecognised deferred tax assets totalled EUR 1,408 million at 31 December 2021 compared with EUR 1,117 million at 31 December 2020.

4.L ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2021	31 December 2020
Guarantee deposits and bank guarantees paid	136,142	103,199
Collection accounts	242	677
Accrued income and prepaid expenses	4,617	3,985
Other debtors and miscellaneous assets	38,122	33,043
TOTAL ACCRUED INCOME AND OTHER ASSETS	**179,123**	**140,904**
Guarantee deposits received	101,923	61,454
Collection accounts	2,870	3,243
Accrued expense and deferred income	7,739	6,701
Lease liabilities	3,248	3,595
Other creditors and miscellaneous liabilities	29,619	32,853
TOTAL ACCRUED EXPENSE AND OTHER LIABILITIES	**145,399**	**107,846**

4.M EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

	Year to 31 Dec. 2021			31 December 2021	Year to 31 Dec. 2020			31 December 2020
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	*5*	*128*	133	1,022	*33*	*(35)*	(2)	832
Associates(1)	*489*	*184*	673	5,506	*390*	*(93)*	297	5,564
TOTAL EQUITY-METHOD ENTITIES	**494**	**312**	**806**	**6,528**	**423**	**(128)**	**295**	**6,396**

(1) Including controlled but nonmaterial entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 7.j *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 2021**	**31 December 2020**
Joint ventures					
Bpost banque	Belgium	Retail Banking	50%	111	114
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	203	196
BoB Cardif Life Insurance	China	Life Insurance	50%	231	186
BNPP Cardif TCB Life Insurance	Taiwan	Life Insurance	49%	214	208
Associates					
AG Insurance	Belgium	Insurance	25%	1,704	1,685
Bank of Nanjing	China	Retail Banking	15%	2,306	1,795
Allfunds Group Plc	United Kingdom	Financial Services	14%	370	580

4.N PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

	31 December 2021			31 December 2020		
In millions of euros	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**869**	**(294)**	**575**	**926**	**(322)**	**604**
Land and buildings	12,023	(4,817)	7,206	13,180	(5,626)	7,554
Equipment, furniture and fixtures	7,172	(5,312)	1,860	7,262	(5,333)	1,929
Plant and equipment leased as lessor under operating leases	33,890	(9,285)	24,605	30,435	(8,204)	22,231
Other property, plant and equipment	1,932	(1,095)	837	2,387	(1,206)	1,181
PROPERTY, PLANT AND EQUIPMENT	**55,017**	**(20,509)**	**34,508**	**53,264**	**(20,369)**	**32,895**
Of which right of use	6,117	(3,314)	2,803	6,871	(3,728)	3,143
PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY	**55,886**	**(20,803)**	**35,083**	**54,190**	**(20,691)**	**33,499**
Purchased software	3,303	(2,651)	652	3,880	(3,080)	800
Internally developed software	5,995	(4,657)	1,338	5,435	(4,095)	1,340
Other intangible assets	2,157	(488)	1,669	2,307	(548)	1,759
INTANGIBLE ASSETS	**11,455**	**(7,796)**	**3,659**	**11,622**	**(7,723)**	**3,899**

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 2021 is EUR 736 million, compared with EUR 743 million at 31 December 2020.

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 2021	31 December 2020
Future minimum lease payments receivable under non-cancellable leases	**7,757**	**7,366**
Payments receivable within 1 year	*3,364*	*3,167*
Payments receivable after 1 year but within 5 years	*4,341*	*4,139*
Payments receivable beyond 5 years	*52*	*60*

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 2021 was EUR 2,336 million, compared with EUR 2,256 million for the year ended 31 December 2020.

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 2021 amounted to EUR 8 million, compared with EUR 6 million for the year ended 31 December 2020.

4.O GOODWILL

In millions of euros	31 December 2021	31 December 2020
CARRYING AMOUNT AT START OF PERIOD	**7,493**	**7,817**
Acquisitions	47	5
Divestments	(90)	-
Impairment recognised during the period	(26)	-
Transfer to assets held for sale (note 7.d)	(2,533)	-
Exchange rate adjustments	230	(329)
CARRYING AMOUNT AT END OF PERIOD	**5,121**	**7,493**
Gross value	8,350	11,247
Accumulated impairment recognised at the end of period	(3,229)	(3,754)

Goodwill by cash-generating unit is as follows:

	Carrying amount		Recognised impairment		Acquisitions	
In millions of euros	31 December 2021	31 December 2020	Year to 31 Dec. 2021	Year to 31 Dec. 2020	31 December 2021	31 December 2020
Retail Banking & Services	**3,908**	**6,311**	**(26)**		**47**	**5**
Domestic Markets	**1,437**	**1,424**	**(26)**		**32**	**5**
Arval	523	510			1	5
Leasing Solutions	150	149				
New Digital Businesses	159	159				
Personal Investors	568	600	(26)			
Others	37	6			31	
International Financial Services	**2,471**	**4,887**			**15**	
Asset Management	186	181				

	Carrying amount		Recognised impairment		Acquisitions	
In millions of euros	**31 December 2021**	**31 December 2020**	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020**	**31 December 2021**	**31 December 2020**
Insurance	296	352				
BancWest		2,362				
Personal Finance	1,236	1,238				
Real Estate	406	403				
Wealth Management	316	314			15	
Other	31	37				
Corporate & Institutional Banking	**1,210**	**1,179**				
Corporate Banking	276	273				
Global Markets	478	460				
Securities Services	456	446				
Other Activities	**3**	**3**				
TOTAL GOODWILL	**5,121**	**7,493**	**(26)**		**47**	**5**
Negative goodwill			117	5		
CHANGE IN VALUE OF GOODWILL RECOGNISED IN THE PROFIT AND LOSS ACCOUNT			**91**	**5**		

The Group carried out a detailed analysis of goodwill to identify whether impairments were necessary in connection with the health crisis.

This analysis is based in particular on the assumptions of economic scenarios (see note 2.h).

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 7,112 points of sale.

Personal Investors: BNP Paribas Personal Investors is a digital specialist of banking and investment services. Mainly based in Germany, India 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 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 in Corporate Banking, Wealth Management, and Small and Medium Enterprise businesses.

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of its retail and commercial banking activities in the United States operated by BancWest for a total price of USD 16.3 billion to be paid in cash at the time of the transaction.

The total price consideration represents 1.7 times the value of BancWest's tangible net assets confirming the absence of any impairment trigger.

Since the loss of control within one year is highly probable, the Group applies the provisions of IFRS 5 on groups of assets and liabilities held for sale, leading to the reclassification of the goodwill into "Assets held for sale" (see note 7.d).

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 unit. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each cash-generating unit based on the "Common Equity Tier One" regulatory requirements for the legal entity to which the cash-generating unit belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies in Europe. 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 the valuation of the Personal Finance cash generating unit 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.

➤ 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	**Personal Finance**
Cost of capital	**10.0%**
Adverse change (+10 basis points)	(216)
Positive change (-10 basis points)	221
Cost/income ratio	**46.6%**
Adverse change (+1%)	(458)
Positive change (-1%)	458
Cost of risk	**(1,720)**
Adverse change (+5%)	(530)
Positive change (-5%)	530
Growth rate to perpetuity	**2.1%**
Adverse change (-50 basis points)	(426)
Positive change (+50 basis points)	484

Concerning the homogeneous Personal Finance set, there would be no need to depreciate even by using, for the impairment test, 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 2020	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2021
Provisions for employee benefits	**6,604**	**1,226**	**(1,003)**	**(255)**	**(40)**	**6,532**
of which post-employment benefits *(note 6.b)*	4,045	195	(230)	(249)	(34)	3,727
of which post-employment healthcare benefits *(note 6.b)*	148	3	(4)	(6)	(26)	115
of which provision for other long-term benefits *(note 6.c)*	1,220	384	(255)		15	1,364
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 6.d)*	468	47	(159)		(1)	355
of which provision for share-based payments *(note 6.e)*	723	597	(356)		6	970
Provisions for home savings accounts and plans	**122**	**(29)**				**93**
Provisions for credit commitments *(note 2.h)*	**1,347**	**173**	**(53)**		**(42)**	**1,425**
Provisions for litigations	**519**	**558**	**(112)**		**27**	**992**
Other provisions for contingencies and charges	**956**	**344**	**(138)**		**(17)**	**1,145**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**9,548**	**2,272**	**(1,306)**	**(255)**	**(72)**	**10,187**

➤ PROVISIONS AND DISCOUNT FOR HOME SAVINGS ACCOUNTS AND PLANS

In millions of euros	31 December 2021	31 December 2020
Deposits collected under home savings accounts and plans	**17,378**	**18,203**
of which deposits collected under home savings plans	15,239	16,030
Aged more than 10 years	*5,652*	*5,333*
Aged between 4 and 10 years	*8,108*	*8,420*
Aged less than 4 years	*1,479*	*2,277*
Outstanding loans granted under home savings accounts and plans	**23**	**23**
of which loans granted under home savings plans	4	4
Provisions and discount recognised for home savings accounts and plans	**93**	**122**
provisions recognised for home savings plans	93	122
provisions recognised for home savings accounts	-	-
discount recognised for home savings accounts and plans	-	-

4.Q OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting. 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 2021	**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	191,507		191,507			191,507
Loans and repurchase agreements	398,413	(148,605)	249,808	(34,906)	(194,920)	19,982
Derivative financial instruments (including derivatives used for hedging purposes)	711,002	(461,899)	249,103	(159,997)	(32,435)	56,671
Financial assets at amortised cost	944,261		944,261	(355)	(1,983)	941,923
of which repurchase agreements	*2,541*		*2,541*	*(355)*	*(1,983)*	*203*
Accrued income and other assets	179,123		179,123		(31,945)	147,178
of which guarantee deposits paid	*136,142*		*136,142*		*(31,945)*	*104,197*
Other assets not subject to offsetting	820,642		820,642			820,642
TOTAL ASSETS	**3,244,948**	**(610,504)**	**2,634,444**	**(195,258)**	**(261,283)**	**2,177,903**

In millions of euros, at 31 December 2021	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 profit or loss						
Securities	112,338		112,338			112,338
Deposits and repurchase agreements	442,061	(148,605)	293,456	(34,156)	(241,481)	17,819
Issued debt securities	70,383		70,383			70,383
Derivative financial instruments (including derivatives used for hedging purposes)	709,373	(461,899)	247,474	(159,997)	(34,076)	53,401
Financial liabilities at amortised cost	1,123,383		1,123,383	(1,105)	(7,816)	1,114,462
of which repurchase agreements	9,498		9,498	(1,105)	(7,816)	577
Accrued expense and other liabilities	145,399		145,399		(30,655)	114,744
of which guarantee deposits received	101,923		101,923		(30,655)	71,268
Other liabilities not subject to offsetting	519,504		519,504			519,504
TOTAL LIABILITIES	**3,122,441**	**(610,504)**	**2,511,937**	**(195,258)**	**(314,028)**	**2,002,651**

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
Repurchase agreements						
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**

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 2021		31 December 2020	
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	7,382		5,890	
Financial assets at amortised cost	1,613		2,517	
Financial assets at fair value through equity	317		434	
Repurchase agreements				
Financial instruments at fair value through profit or loss	28,413	28,413	39,105	39,104
Financial assets at amortised cost	6,437	6,437	5,500	5,167
Financial assets at fair value through equity	1,524	1,524	1,117	1,086
Financial investments of insurance activities	6,180	6,226	6,872	6,842
TOTAL	**51,866**	**42,600**	**61,435**	**52,199**

➤ SECURITISATION TRANSACTIONS PARTIALLY REFINANCED BY EXTERNAL INVESTORS, WHOSE RECOURSE IS LIMITED TO THE TRANSFERRED ASSETS

In millions of euros, at 31 December 2021	**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	19,129	17,747	19,134	17,748	1,386
TOTAL	**19,129**	**17,747**	**19,134**	**17,748**	**1,386**

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**

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 2021	31 December 2020
Financing commitments given		
to credit institutions	**3,501**	**6,646**
to customers	**362,902**	**343,480**
Confirmed financing commitments	*328,741*	*306,312*
Other commitments given to customers	*34,161*	*37,168*
TOTAL FINANCING COMMITMENTS GIVEN	**366,403**	**350,126**
of which stage 1	*321,368*	*332,035*
of which stage 2	*22,529*	*15,440*
of which stage 3	*1,088*	*1,001*
of which insurance activities	*1,810*	*1,650*
of which financing commitments given associated with assets held for sale	*19,608*	
Financing commitments received		
from credit institutions	**38,708**	**48,622**
from customers	**6,729**	**5,511**
TOTAL FINANCING COMMITMENTS RECEIVED	**45,437**	**54,133**
of which financing commitments received associated with assets held for sale	*8,711*	*-*

5.B GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2021	31 December 2020
Guarantee commitments given		
to credit institutions	**30,221**	**40,912**
to customers	**141,074**	**120,045**
Property guarantees	2,474	2,758
Sureties provided to tax and other authorities, other sureties	64,571	62,803

Other guarantees	74,029	54,484
TOTAL GUARANTEE COMMITMENTS GIVEN	**171,295**	**160,957**
of which stage 1	*159,247*	*152,288*
of which stage 2	*10,953*	*7,305*
of which stage 3	*833*	*1,364*
of which insurance activities	*262*	*-*
of which guarantee commitments given associated with assets held for sale	*-*	

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 2021**	**31 December 2020**
Securities to be delivered	11,608	6,089
Securities to be received	10,604	7,857

5.D OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros	**31 December 2021**	**31 December 2020**
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	**158,111**	**150,370**
Used as collateral with central banks	*120,777*	*103,321*
Available for refinancing transactions	*37,334*	*47,049*
Securities sold under repurchase agreements	**457,168**	**439,642**
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group(1)	**231,877**	**212,169**

(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 610,170 million at 31 December 2021 (EUR 579,622 million at 31 December 2020).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros	**31 December 2021**	**31 December 2020**

Financial instruments received as collateral (excluding repurchase agreements)	**212,910**	**234,212**
of which instruments that the Group is authorised to sell and reuse as collateral	*99,407*	*119,915*
Securities received under repurchase agreements	**418,435**	**408,394**

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 328,084 million at 31 December 2021 (compared with EUR 382,304 million at 31 December 2020).

NOTE 6. SALARIES AND EMPLOYEE BENEFITS

6.A SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Fixed and variable remuneration, incentive bonuses and profit-sharing	12,379	11,951
Employee benefit expense	3,508	3,469
Payroll taxes	530	522
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSE	**16,417**	**15,942**

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 2021 was EUR 670 million, compared with EUR 661 million for the year ended 31 December 2020.

The breakdown by major contributors is determined as follows:

Contribution amount *In millions of euros*	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
France	349	334
Italy	94	95
UK	56	54
Turkey	25	28
Hong Kong	22	25
Luxembourg	22	25
USA	11	11
Others	91	89
TOTAL	**670**	**661**

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 93% at 31 December 2021 (compared with 97% at 31 December 2020) 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 100% as at 31 December 2021 (101% at 31 December 2020) 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 2021, 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 2021, 148% of these pension plans were funded through insurance companies (130% at 31 December 2020).

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 2021, obligations for all UK entities were 127% covered by financial assets, compared with 112% at 31 December 2020.

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 2021, obligations were 102% covered by financial assets, compared with 95% at 31 December 2020.

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 2021, the obligation was 95% covered by financial assets, (96% at 31 December 2020).

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 2021, the obligation was 55% covered by financial assets, (51% at 31 December 2020).

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 2021, 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 2021, this obligation was 108% covered by financial assets, compared with 96% at 31 December 2020.

In May 2021, IFRIC issued its decision on the method of assessing the liability to be recognised under certain post-employment benefit plans.

This decision modifies the measurement of the obligations of the Group's French entities relating to indemnities payable on retirement, whose fee schedule is either capped in terms of total length of service, or composed of steps of incremental rights, or both, by specifying the timing of recording of the corresponding costs.

Its implementation led, as at 1 January 2021, to a decrease in the present value of the gross obligation of EUR 96 million, recognised as an increase in reserves for an after-tax amount of EUR 74 million.

In other countries, the gross obligations of the Group related to post-employment 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 2021	*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	*3,189*		3,189	(157)	(2,930)		102	(2,930)		*(2,930)*	3,032
UK	*1,769*		1,769	(2,248)			(479)	(481)	*(481)*		2
France	*1,058*	*81*	1,139	(1,175)			(36)	(191)	*(191)*		155
Switzerland	*1,146*		1,146	(1,172)		29	3				3
USA	*572*	*79*	651	(579)			72	(16)	*(16)*		88
Italy		*238*	238				238				238
Germany	*132*	*71*	203	(112)			91				91
Turkey	*134*	*32*	166	(238)		104	32				32
Others	*504*	*55*	559	(401)	(2)		156	(8)	*(6)*	*(2)*	164
TOTAL	***8,504***	***556***	**9,060**	**(6,082)**	**(2,932)**	**133**	**179**	**(3,626)**	**(694)**	**(2,932)**	**3,805**
of which continuing activities	*8,129*	*479*	**8,608**	**(5,691)**	**(2,932)**	**133**	**118**	**(3,609)**	***(677)***	***(2,932)***	**3,727**
of which discontinued activities	***375***	***77***	**452**	**(391)**	**-**	**-**	**61**	**(17)**	***(17)***	**-**	**78**

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**

(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 INCLUDING DISCONTINUED ACTIVITIES

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020**
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT START OF PERIOD	**9,428**	**9,438**
Current service cost	222	232
Interest cost	61	90
Past service cost	(1)	(50)
Settlements	(25)	(47)
Actuarial (gains)/losses on change in demographic assumptions	(24)	(1)
Actuarial (gains)/losses on change in financial assumptions	(327)	537
Actuarial (gains)/losses on experience gaps	195	(72)
Actual employee contributions	22	24
Benefits paid directly by the employer	(105)	(109)
Benefits paid from assets/reimbursement rights	(419)	(434)
Exchange rate (gains)/losses on obligation	108	(198)

(Gains)/losses on obligation related to changes in the consolidation scope	21	18
Others(1)	(96)	-
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT END OF PERIOD	**9,060**	**9,428**

(1) Impact of the May 2021 IFRIC decision.

➤ CHANGE IN THE FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS INCLUDING DISCONTINUED ACTIVITIES

	Plan assets		Reimbursement rights	
In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020**	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020**
FAIR VALUE OF ASSETS AT START OF PERIOD	**5,870**	**5,909**	**3,050**	**3,002**
Expected return on assets	73	95	2	13
Settlements	(26)	(42)		
Actuarial gains/(losses) on assets	216	325	(29)	113
Actual employee contributions	13	14	9	9
Employer contributions	65	62	98	110
Benefits paid from assets	(220)	(235)	(199)	(199)
Exchange rate gains/(losses) on assets	70	(260)		
Gains/(losses) on assets related to changes in the consolidation scope	21	2	1	2
FAIR VALUE OF ASSETS AT END OF PERIOD	**6,082**	**5,870**	**2,932**	**3,050**

➤ COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Service costs	**222**	**177**
Current service cost	222	232
Past service cost	(1)	(50)
Settlements	1	(5)
Net financial expense	**9**	**7**
Interest cost	61	90
Interest income on plan asset	23	25
Interest income on reimbursement rights	(73)	(95)
Expected return on asset ceiling	(2)	(13)

TOTAL RECOGNISED IN SALARY AND EMPLOYEE BENEFIT EXPENSE	**231**	**184**
of which continuing activities	**228**	**181**
of which discontinued activities	**3**	**3**

➤ OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020 *restated according to IFRS 5*
Actuarial (losses)/gains on plan assets or reimbursement rights	187	438
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	24	1
Actuarial (losses)/gains of financial assumptions on the present value of obligations	327	(537)
Experience (losses)/gains on obligations	(195)	72
Variation of the effect of assets limitation	27	15
TOTAL OF OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY	**370**	**(11)**
of which continuing activities	**350**	**(34)**
of which discontinued activities	**20**	**23**

➤ 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 2021		31 December 2020	
In %	Discount rate	Compensation increase rate(1)	Discount rate	Compensation increase rate(1)
Belgium	0.00%/1.10%	2.90%/3.60%	0.00%/0.80%	2.60%/3.20%
UK	1.30%/1.90%	2.00%/3.50%	0.30%/1.50%	2.00%/3.20%
France	0.10%/1.10%	1.40%/3.25%	0.00%/0.50%	1.40%/2.95%
Switzerland	0.20%/0.30%	1.50%	0.05%/0.10%	1.50%
USA	2.60%/2.90%	2.50%	1.40%/2.50%	4.00%
Italy	0.30%/1.00%	1.80%/2.50%	0.00%/0.60%	1.50%/2.40%
Germany	0.60%/1.10%	1.80%/2.50%	0.30%/0.80%	2.00%/2.50%
Turkey	20.01%	17.03%	14.50%	11.03%

(1) Including price increases (inflation).

Observed weighted average rates are as follows:

- in the eurozone: 0.60% at 31 December 2021 (0.15% at 31 December 2020);
- in the United Kingdom: 1.88% at 31 December 2021 (1.31% at 31 December 2020);
- in Switzerland: 0.30% at 31 December 2021 (0.05% at 31 December 2020).

The impact of a 100 bps change in discount rates on the present value of post-employment benefit obligations is as follows:

Change in the present value of obligations *In millions of euros*	**31 December 2021**		**31 December 2020**	
	Discount rate -100 bps	**Discount rate +100 bps**	**Discount rate -100 bps**	**Discount rate +100 bps**
Belgium	327	(266)	314	(274)
UK	403	(302)	443	(330)
France	129	(107)	149	(125)
Switzerland	177	(140)	163	(143)
USA	30	(24)	79	(65)
Italy	18	(16)	19	(18)
Germany	41	(32)	43	(36)
Turkey	15	(12)	16	(13)

➤ ACTUAL RATE OF RETURN ON PLAN ASSETS AND REIMBURSEMENT RIGHTS OVER THE PERIOD

	Year to 31 Dec. 2021		**Year to 31 Dec. 2020**	
In %	**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	-5.65%/13.35%	0.45%	-3.90%/4.85%	4.30%
UK	6.60%/14.80%	7.70%	-4.95%/12.10%	11.10%
France	2.00%	2.00%	3.25%/3.35%	3.35%
Switzerland	1.00%/9.45%	7.85%	1.50%/3.25%	3.25%
USA	2.00%	2.00%	11.75%/18.60%	14.20%
Germany	-6.65%/5.25%	4.60%	0.40%/2.95%	0.55%
Turkey	20.60%	20.60%	12.85%	12.85%

➤ **BREAKDOWN OF PLAN ASSETS**

In %	31 December 2021						31 December 2020					
	Shares	**Governmental bonds**	**Non-Govern-mental bonds**	**Real-estate**	**Deposit account**	**Others**	**Shares**	**Governmental bonds**	**Non-Governmental bonds**	**Real-estate**	**Deposit account**	**Others**
Belgium	7%	53%	14%	1%	0%	25%	6%	52%	17%	1%	0%	24%
UK	8%	72%	8%	0%	2%	10%	8%	72%	8%	0%	1%	11%
France(1)	7%	69%	16%	8%	0%	0%	5%	72%	15%	8%	0%	0%
Switzerland	36%	0%	26%	20%	4%	14%	36%	0%	26%	20%	4%	14%
USA	18%	0%	73%	1%	6%	2%	23%	15%	55%	0%	3%	4%
Germany	23%	66%	0%	0%	2%	9%	26%	64%	0%	0%	1%	9%
Turkey	0%	0%	0%	4%	93%	3%	0%	0%	0%	4%	94%	2%
Others	9%	17%	10%	2%	2%	60%	9%	15%	11%	1%	3%	61%
GROUP	**11%**	**49%**	**15%**	**4%**	**4%**	**17%**	**11%**	**47%**	**17%**	**4%**	**5%**	**16%**

(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 Belgium.

The present value of post-employment healthcare benefit obligations stood at EUR 115 million at 31 December 2021, compared with EUR 148 million at 31 December 2020.

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 457 million at 31 December 2021 (EUR 443 million at 31 December 2020).

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 817 million at 31 December 2021 (EUR 694 million at 31 December 2020).

In millions of euros	31 December 2021	31 December 2020
Net provisions for other long-term benefits	**1,274**	**1,137**
Asset recognised in the balance sheet under the other long-term benefits	(90)	(83)
Obligation recognised in the balance sheet under the other long-term benefits	1,364	1,220

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 2021	31 December 2020
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	355	468

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. 2021	Year to 31 Dec. 2020
Prior deferred compensation plans	67	(110)
Deferred compensation plans for the year	530	441
TOTAL	**597**	**331**

NOTE 7. ADDITIONAL INFORMATION

7.A CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2021, the share capital of BNP Paribas SA amounts to EUR 2,468,663,292, and was divided into 1,234,331,646 shares. The nominal value of each share is EUR 2 (EUR 2,499,597,122 and 1,249,798,561 shares at 31 December 2020).

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 2019	**726,451**	**38**	**481,070**	**25**	**1,207,521**	**63**
Disposals	(4,480)				(4,480)	
Net movements			498,244	17	498,244	17
Shares held at 31 December 2020	**721,971**	**38**	**979,314**	**42**	**1,701,285**	**80**
Acquisitions	15,466,915	900			15,466,915	900
Capital decrease	(15,466,915)	(900)			(15,466,915)	(900)
Net movements			(979,314)	(42)	(979,314)	(42)
Shares held at 31 December 2021	**721,971**	**38**	**-**	**-**	**721,971**	**38**

(1) Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

Throughout the fourth quarter of 2021, BNP Paribas SA bought back on the market and cancelled 15,466,915 of its own shares in accordance with the decision made by the Board of directors on 28 September 2021.

At 31 December 2021, the Group holds 721,971 BNP Paribas shares representing an amount of EUR 38 million, which are 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.

On 15 April 2021, BNP Paribas Personal Finance redeemed the issues, for an amount of EUR 80 million. These notes paid a TEC 10 rate coupon.

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 February 2020, BNP Paribas SA 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.

On 19 February 2021, BNP Paribas SA issued Undated Super Subordinated Notes for an amount of USD 1,250 million which pay a 4.625% fixed-rate coupon. These notes could be redeemed at the end of a period of 10 years. If the notes are not redeemed in 2031, a US 5-year Constant Maturity Treasury rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 8 March 2021, BNP Paribas SA redeemed the June 2007 issue, for an amount of USD 600 million. These notes paid a 6.5% fixed-rate coupon.

On 30 March 2021, BNP Paribas SA redeemed the March 2016 issue, for an amount of USD 1,500 million, before the first call date. These notes paid a 7.625% fixed-rate coupon.

On 3 January 2022, BNP Paribas SA redeemed the July 2006 and June 2007 issues, for EUR 150 million and USD 1,100 million respectively. These notes are not eligible to Additional Tier 1 capital at 31 December 2021.

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	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%
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%
February 2021	USD	1,250	semi-annual	4.625%	10 years	US 5 years CMT +3.340%
TOTAL AT 31 DECEMBER 2021 IN EURO-EQUIVALENT HISTORICAL VALUE		**9,207**(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 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 2021, the BNP Paribas Group held EUR 14 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. 2021	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Net profit used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*(1)	**9,052**	**6,626**
Weighted average number of ordinary shares outstanding during the year	**1,247,014,704**	**1,247,821,717**
Effect of potentially dilutive ordinary shares	-	206
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,247,014,704**	**1,247,821,923**
Basic earnings per share *(in euros)*	**7.26**	**5.31**
of which continuing activities *(in euros)*	6.68	5.01
of which discontinued activities *(in euros)*	0.58	0.30
Diluted earnings per share *(in euros)*	**7.26**	**5.31**
of which continuing activities *(in euros)*	6.68	5.01
of which discontinued activities *(in euros)*	0.58	0.30

(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.

The dividends per share paid in June and September 2021 out of the 2020 net income amounted to EUR 1.11 and EUR 1.55 respectively, totalling EUR 2.66.

In accordance with the Annual General Meeting of 19 May 2020, no dividend was paid out of the 2019 net income.

7.B 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, including inter alia in connection with its activities as market counterparty, lender, employer, investor and taxpayer.

The related risks have been assessed by the Bank and are subject, where appropriate, to provisions disclosed in note 4.p "*Provisions for liabilities and charges"* of the consolidated Financial Statements at December 31, 2021; a provision is recognized 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 main contingent liabilities related to pending legal, governmental, or arbitral proceedings as of March 31, 2022 are described below. The Bank currently considers that none of these proceedings is likely to have a material adverse effect on its financial position or profitability; however, the outcome of legal or governmental proceedings is by definition unpredictable.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court for the 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 under the U.S. Bankruptcy Code and New York state law against numerous institutions, and seek recovery of approximately USD 1.3 billion allegedly received by BNP Paribas entities from BLMIS or indirectly through BLMIS-related “feeder funds” in which BNP Paribas entities held interests.

As a result of certain decisions of the Bankruptcy Court and the United States District Court between 2016 and 2018, the BLMIS Trustee’s actions were either dismissed or substantially narrowed. However, those decisions were either reversed or effectively overruled by subsequent decisions of the United States Court of Appeals for the Second Circuit issued on 25 February 2019 and 30 August 2021. As a result, the BLMIS Trustee may seek to re-file certain claims that were previously dismissed. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

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 definitively closed, as the Council Chamber of the Brussels Court of first instance issued on 4 September 2020 a ruling (which since became final) that the charges were time-barred. Certain minority shareholders are continuing the civil proceedings against BNP Paribas and the Société fédérale de Participations et d’Investissement before the Brussels Commercial court; BNP Paribas continues to defend itself vigorously against the allegations of these shareholders.

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, or be subject to investigations by supervisory, governmental or self-regulatory agencies. The Bank responds to such requests, and cooperates with the relevant authorities and regulators and seeks to address and remedy any issues that may arise.

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 and to the civil legal proceedings that are otherwise ongoing.

Save as disclosed above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) that may have or have had, in the previous twelve months, any significant effects on the financial position or the profitability of the Bank and/or the BNP Paribas Group.

7.C BUSINESS COMBINATIONS AND LOSS OF CONTROL OR SIGNIFICANT INFLUENCE

Verner Investissements

On 13 July 2021, BNP Paribas SA purchased the residual 50% stake in Verner Investissements, the holding company of Exane entities.

The Group BNP Paribas has therefore taken exclusive control of this entity and fully consolidates it from the second half of 2021.

The Group's balance sheet increased by EUR 6 billion at acquisition date, in particular EUR 3.7 billion in financial assets at fair value through profit or loss.

The acquisition of control over the group is analysed as the disposal of previously held share and a new acquisition on the date of the acquisition of control.

The first consolidation in full integration requires a revaluation at fair value of all assets and liabilities of Verner Investissements. The difference between revalued net equity and the amount of securities generates a negative goodwill of EUR 111 million recognised in the profit and loss account.

Including the loss on disposal of equity method, the net impact on net income is -EUR 51 million.

Allfunds Group Plc

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 held a stake of 22.5% in AFB UK Ltd and exercised a significant influence.

On 23 April 2021, the Group participated in the initial public offering of Allfunds, contributing 6.7% of the capital. Following this operation, the Group retains a significant influence and holds 15.8% of the capital of AFB Group Plc. This operation generated an overall gain of EUR 300 million before tax, recognised in the profit and loss account.

On 16 September 2021, the Group sold a stake of 2% of Allfunds and retains a significant influence with 13.8% of the capital of AFB Group Plc. This operation generated an overall gain of EUR 144 million before tax, recognised in the profit and loss account.

7.D DISCONTINUED ACTIVITIES

On 18 December 2021, BNP Paribas concluded an agreement with BMO Financial Group for the sale of 100% of its retail and commercial banking activities in the United States, operated by the BancWest cash-generating unit, for a total consideration of USD 16.3 billion in cash.

The transaction is expected to formally close during 2022, subject to customary conditions precedent, including approval by the competent authorities. The Group therefore considers that the loss of control within one year is highly probable.

The group of assets covered by the agreement comprises most of the entities of the homogeneous BancWest set (see reference D2 in note 7.I *Scope of consolidation*). BancWest is therefore classified as a discontinued activity (see note 1.i *Assets held for sale and discontinued operations*).

As required by IFRS 5 related to groups of assets and liabilities held for sale, the Group's consolidated financial statements are adapted to present BancWest separately:

- the assets are reclassified on a separate line of the balance sheet "Assets held for sale";
- the liabilities are also reclassified in a separate line "Liabilities associated with assets held for sale";
- amounts accounted for in equity for the revaluation of assets and liabilities are presented separately in the statement of net income and changes in assets and liabilities recognised directly in equity. This presentation is also carried out for 2020;
- revenues and expenses are reclassified in a separate line "Net income from discontinued activities" in the profit and loss statement. This income includes revenues and expenses from internal transactions with BancWest, provided that, following the sale, the Group will no longer receive these revenues or incur these expenses. This reclassification is also carried out for 2020;
- The net change in cash and cash equivalents is isolated in the cash flow statement. This is also carried out for 2020.

➤ NET INCOME FROM DISCONTINUED ACTIVITIES

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020

		restated according to IFRS 5
Revenues	**2,473**	**2,496**
Operating Expenses and Dep.	(1,645)	(1,689)
Gross Operating Income	**828**	**807**
Cost of Risk	46	(322)
Operating Income	**874**	**485**
Net gain on non-current assets	19	
Pre-tax Income	**893**	**485**
Corporate income tax	(173)	(106)
NET INCOME FROM DISCONTINUED ACTIVITIES	**720**	**379**

➤ STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY OF DISCONTINUED ACTIVITIES

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Net income from discontinued activities	**720**	**379**
Changes in assets and liabilities recognised directly in equity of discontinued activities	**580**	**(637)**
Items that are or may be reclassified to profit or loss	**571**	**(658)**
Changes in fair value through profit or loss	739	(793)
Changes in fair value of financial assets through equity		
Changes in fair value recognised in equity	*(173)*	*136*
Changes in fair value reported in profit or loss	*(30)*	*(50)*
Deferred value changes in hedging derivatives		
Changes in fair value recognised in equity	*(61)*	*98*
Changes in fair value reported in profit or loss		
Income taxes	96	(49)
Items that will not be reclassified to profit or loss	**9**	**21**
Revaluation effects on post-employment benefit plans	12	32
Income taxes	(3)	(11)
TOTAL	**1,300**	**(258)**

➤ BALANCE SHEET OF DISCONTINUED ACTIVITIES

In millions of euros	31 December 2021
Cash and balances at central banks	14,654
Financial assets at fair value through equity	5,009
Financial assets at amortised cost	65,775
Property, plant and equipment	428
Intangible assets and goodwill	2,770
Other assets	2,631
TOTAL ASSETS HELD FOR SALE	**91,267**
Financial liabilities at amortised cost	73,041
Other liabilities	1,325
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	**74,366**

➤ CHANGES IN ASSETS AND LIABILITIES RECOGNIZED DIRECTLY IN EQUITY OF DISCONTINUED ACTIVITIES AS AT 31 DECEMBER 2021

In millions of euros	31 December 2021
Items that are or may be reclassified to profit or loss	**608**
Exchange differences	687
Financial assets at fair value through equity	(41)
Derivatives used for hedging purposes	(38)
Items that will not be reclassified to profit or loss	**(125)**
Remeasurement gains (losses)related to postemployment benefit plans	(125)
CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY OF DISCONTINUED ACTIVITIES	**483**

➤ FINANCIAL ASSETS AT AMORTISED COST CLASSIFIED AS “ASSETS HELD FOR SALE”

	31 December 2021		
In millions of euros	Gross Value	Impairment	Carrying amount
Loans and advances to credit institutions	**52**	**-**	**52**
Stage 1	52	-	52
Loans and advances to customers	**50,530**	**(476)**	**50,054**
Stage 1	45,751	(172)	45,579
Stage 2	4,370	(217)	4,153
Stage 3	409	(87)	322

Debt securities	**15,669**	**-**	**15,669**
Stage 1	15,669	-	15,669
TOTAL FINANCIAL ASSETS AT AMORTISED COST	**66,251**	**(476)**	**65,775**

➤ CASH FLOWS FROM DISCONTINUED ACTIVITIES

In millions of euros	**Year to 31 Dec. 2021**	**Year to 31 Dec. 2020 *restated according to IFRS 5***
Net increase in cash and cash equivalents generated by operating activities	9,772	4,386
Net decrease in cash and cash equivalents related to investing activities	(111)	(229)
Increase (Decrease) in cash and cash equivalents related to financing activities	406	(1,676)
Effect of movement in exchange rates on cash and cash equivalents	672	(289)
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED ACTIVITIES	**10,739**	**2,192**

7.E EVENTS AFTER THE REPORTING PERIOD

Bpost Banque

On 3 January 2022, BNP Paribas Fortis purchased the residual 50% stake in Bpost Banque, leading to the exclusive control and a full consolidation of this entity from 2022.

This operation will enable the Group to optimise Belgium Retail Banking activity.

The estimated impact on the Group’s balance sheet at acquisition date is approximately EUR 12 billion, of which EUR 8 billion in Loans and advances to customers at amortised cost.

This operation generates an estimated postive impact of EUR 0.2 billion net of tax, to be recognised in the profit and loss account of 2022.

FLOA

On 31 January 2022, BNP Paribas SA acquired 100% of FLOA, leading to its full consolidation from 2022.

The acquisition of FLOA, leader of online and mobile payment solutions, is part of BNP Paribas’ development strategy in payments and consumer credit in Europe.

The estimated impact on the Group’s balance sheet at acquisition date is approximately EUR 2.2 billion, of which EUR 2 billion in loans and advances to customers at amortised cost.

7.F 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 2020	**4,442**	**17**	**(67)**	**4,392**
Appropriation of net income for 2019	**(84)**			**(84)**
Increases in capital and issues				-
Reduction or redemption of capital				-
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders				-
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**
Appropriation of net income for 2020	**(221)**			**(221)**
Increases in capital and issues	10			10
Reduction or redemption of capital	(73)			(73)
Remuneration on preferred shares				-
Impact of internal transactions on minority shareholders				-
Movements in consolidation scope impacting minority shareholders	(139)			(139)
Acquisitions of additional interests or partial sales of interests	55			55
Change in commitments to repurchase minority shareholders' interests	38			38

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
Other movements	9			9
Realised gains or losses reclassified to retained earnings	1	(1)		-
Changes in assets and liabilities recognised directly in equity		7	(7)	-
Net income for 2021	**392**			**392**
Capital and retained earnings at 31 December 2021	**4,712**	**15**	**(106)**	**4,621**

Main minority interests

The assessment of the material nature of minority interests is based 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 2021						Year to 31 Dec. 2021	
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	**98,967**	**1,779**	**585**	**557**	**34%**	**179**	**167**	**163**
Other minority interests						**213**	**225**	**58**
TOTAL						**392**	**392**	**221**

	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**

There are no particular contractual restrictions on the assets of BGL BNP Paribas 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 2021, nor in 2020.

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

	Year to 31 Dec. 2021		Year to 31 Dec. 2020	
In millions of euros	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Bank BGZ BNP Paribas				
Partial disposal of 1.26% of the total share, reducing the Group's share to 87.43%	(11)	37		
Financit Spa				
Implementation of a partnership, reducing the Group's share to 60%	21	18		
Other	(2)		(1)	1
TOTAL	**8**	**55**	**(1)**	**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 322 million at 31 December 2021, compared with EUR 500 million at 31 December 2020.

7.G 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 2021, none of the BNP Paribas Group entites were 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 34 billion as at 31 December 2021 (EUR 35 billion as at 31 December 2020).

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 87 billion as at 31 December 2021 (compared with EUR 73 billion as at 31 December 2020), are held for the benefit of the holders of these contracts.

7.H 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 Universal 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 Universal 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 2021	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
ASSETS					
Financial instruments at fair value through profit or loss	5	1,009	4	95	1,113
Derivatives used for hedging purposes	11	1,404	23	18	1,456
Financial instruments at fair value through equity	190				190
Financial assets at amortised cost	14,230	117	1,709	9	16,065
Other assets	3	93			96
Financial investments of insurance activities		24,114			24,114
TOTAL ASSETS	**14,439**	**26,737**	**1,736**	**122**	**43,034**
LIABILITIES					
Financial instruments at fair value through profit or loss	18	542	3	54	617
Derivatives used for hedging purposes					
Financial liabilities at amortised cost	1,058	12,809	140	27	14,034
Other liabilities	5	140	118		263
TOTAL LIABILITIES	**1,081**	**13,491**	**261**	**81**	**14,914**
MAXIMUM EXPOSURE TO LOSS	**21,888**	**27,061**	**3,047**	**212**	**52,208**
SIZE OF STRUCTURED ENTITIES(1)	**121,665**	**332,150**	**4,933**	**5,263**	**464,011**

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

In millions of euros, at 31 December 2020	Securitisation	Funds	Asset Financing	Others	Total
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**

(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 39 billion as at 31 December 2021 (EUR 33 billion as at 31 December 2020). 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 10 billion as at 31 December 2021 (EUR 7 billion as at 31 December 2020);
- **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 Universal 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 5 billion as at 31 December 2021 (EUR 6 billion as at 31 December 2020).

7.I COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The Group's corporate officers, their spouses and their dependent children are considered 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 Universal Registration Document.

Remuneration and benefits awarded to the Group's corporate officers

	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Gross remuneration, including remuneration linked to the term of directorship and benefits in kind		
payable for the year	€ 8,486,731	€ 6,070,060
paid during the year	€ 6,526,149	€ 5,532,930
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€ 788,884	€ 294,833
Defined contribution pension plan: contributions paid by BNP Paribas during the year	€ 6,400	€ 5,306
Welfare benefits: premiums paid by BNP Paribas during the year	€ 18,836	€ 14,962
Share-based payments		
Stock subscription options	Nil	Nil
Performance shares	Nil	Nil
Long-term compensation		
fair value at grant date(*)	€ 1,327,391	€ 1,065,536

(*) Valuation according to the method described in note 6.e.

As at 31 December 2021, 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 in to all members of the Board of directors in 2021 amounts to EUR 1,402,804. This amount was EUR 1,300,000 in 2020. The amount paid in 2021 to members other than corporate officers was EUR 1,273,940 compared with EUR 1,183,106 in 2020.

Remuneration and benefits awarded to directors representing the employees

In euros	Year to 31 December 2021	Year to 31 December 2020
Gross remuneration paid during the year	120,963	123,020
Remuneration linked to the term of directorship (paid to the trade unions)	190,887	180,227
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	2,092	2,063
Contributions paid by BNP Paribas during the year into the defined-contribution plan	1,423	1,386

Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2021, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses and dependent children amounted to EUR 6,392,970 (EUR 15,233,737 at 31 December 2020). These loans representing normal transactions were carried out on an arm's length basis.

7.J 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.I *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 2021		31 December 2020	
In millions of euros	Joint ventures	Associates	Joint ventures	Associates
ASSETS				
On demand accounts		118	1	112
Loans	3,923	116	3,826	65
Securities	516	268	642	-
Other assets	1	74	3	93
Financial investments of insurance activities	1	2	-	4
TOTAL	**4,441**	**578**	**4,472**	**274**
LIABILITIES				
On demand accounts	137	525	192	518
Other borrowings	48	1,034	30	1,402
Other liabilities	7	26	10	19
Technical reserves and other insurance liabilities	1	159	-	130
TOTAL	**193**	**1,744**	**232**	**2,069**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	23	553	43	646
Guarantee commitments given	1,469	41	2,162	55
TOTAL	**1,492**	**594**	**2,205**	**701**

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. 2021		Year to 31 Dec. 2020	
In millions of euros	Joint ventures	Associates	Joint ventures	Associates
Interest income	26	7	30	5
Interest expense	(5)	(2)	(5)	(6)
Commission income	5	305	145	279
Commission expense		(76)	(8)	(38)
Services provided	-	46		32
Services received	-	(7)	-	(6)
Lease income	-	-	-	(1)
Net income from insurance activities	(2)	(3)	(3)	(4)
TOTAL	**24**	**270**	**159**	**261**

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 and BNP Paribas Cardif). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2021, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 4,048 million (EUR 4,102 million as at 31 December 2020). Amounts received by Group companies in the year to 31 December 2021 totalled EUR 4 million and were mainly composed of management and custody fees (EUR 5 million as at 31 December 2020).

7.K 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 2021. 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.

In millions of euros, at 31 December 2021	Estimated fair value				Carrying value
	Level 1	**Level 2**	**Level 3**	**Total**	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers(1)		88,058	716,147	804,205	795,845
Debt securities at amortised cost *(note 4.e)*	89,374	17,203	3,172	109,749	108,510
Assets held for sale	4,587	11,081	49,838	65,507	64,847
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		1,123,937		1,123,937	1,123,383
Debt securities *(note 4.h)*	64,660	86,854		151,514	149,723
Subordinated debt *(note 4.h)*	18,211	7,360		25,571	24,720
Liabilities associated with assets held for sale	-	73,077		73,077	73,041

(1) Finance leases excluded.

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.

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 (see 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.L 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 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
BNP Paribas SA	France	(1)				(1)			
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
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				S1	Full	100%	100%	
BNPP SA (Kuwait branch)	Kuwait	Full	100%	100%		Full	100%	100%	
BNPP SA (Luxembourg branch)	Luxembourg	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%	

Name	Country	31 December 2021				31 December 2020			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
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 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%		Full	100%	100%	D1/V4
Euro Securities Partners	France	Equity (3)	50%	50%		Equity (3)	50%	50%	
GIE Ocean	France	Full	100%	100%		Full	100%	100%	
Jivago Holding	France	Full	100%	100%	E3				
Partecis	France	Equity (3)	50%	50%		Equity (3)	50%	50%	
Paylib Services	France	Equity	14.3%	14.3%		Equity	14.3%	14.3%	
Portzamparc	France	Full (1)	100%	100%		Full (1)	100%	100%	
Protection 24	France				S2	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%		Full	100%	99.9%	E1
Bancontact Paytoniq Company	Belgium	Equity	22.5%	22.5%		Equity	22.5%	22.5%	

		31 December 2021					31 December 2020				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Banking Funding Company SA	Belgium	Equity		33.5%	33.5%		Equity		33.5%	33.5%	
BASS Master Issuer NV (t)	Belgium	Full		-	-		Full		-	-	
Batopin	Belgium	Equity		25%	25%	E1					
Belgian Mobile ID	Belgium	Equity		12.2%	12.2%	V3	Equity		15%	15%	
BNPP Commercial Finance Ltd	UK	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factor AB	Sweden					S1	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					S1	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 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		100%	99.9%	V4	Full		99%	98.9%	
BNPP Fortis Funding SA	Luxembourg	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 (t)	Belgium	Full		-	-		Full		-	-	
Immo Beaulieu	Belgium										S3
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		42.3%	76.8%	V4	Full		70.3%	76.7%	
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 – Luxembourg											
BGL BNPP	Luxembourg	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	Luxembourg	Full		100%	65.9%		Full		100%	65.9%	
BNPP SB Re	Luxembourg	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cofhylux SA	Luxembourg	Full		100%	65.9%		Full		100%	65.9%	

		31 December 2021					31 December 2020				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Compagnie Financière Ottomane SA	Luxembourg	Full		97.3%	97.3%		Full		97.3%	97.3%	
Le Sphinx Assurances Luxembourg SA	Luxembourg	Full	(2)	100%	100%		Full	(2)	100%	100%	
Lion International Investments SA	Luxembourg	Full		100%	100%		Full		100%	100%	
Luxhub SA	Luxembourg	Equity		28%	18.5%		Equity		28%	18.5%	E1
Visalux	Luxembourg	Equity		25.3%	16.7%		Equity		25.3%	16.7%	
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%	
EMF IT 2008 1 SRL (t)	Italy	Full		-	-		Full		-	-	
Era Uno SRL (t)	Italy	Full		-	-	E2					
Eutimm SRL	Italy	Full		100%	100%		Full		100%	100%	
Financit SPA (Ex- BNL Finance SPA)	Italy	Full		60%	60%	V2	Full		100%	100%	
Immera SRL (t)	Italy	Full		-	-	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%	
Serfactoring SPA	Italy					S2	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 (t)	Italy	Full		-	-		Full		-	-	
Vela ABS SRL (t)	Italy										S3
Vela Consumer 2 SRL (t)	Italy					S1	Full		-	-	
Vela Consumer SRL (t)	Italy										S1
Vela Home SRL (t)	Italy	Full		-	-		Full		-	-	
Vela Mortgages SRL (t)	Italy	Full		-	-		Full		-	-	
Vela OBG SRL (t)	Italy	Full		-	-		Full		-	-	
Vela RMBS SRL (t)	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%	
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%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Arval Deutschland GmbH	Germany	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Fleet Services	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Fuhrparkmanagement GmbH	Austria					S4	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					S3	Full	(2)	100%	99.9%	
Arval LLC	Russia	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Luxembourg SA	Luxembourg	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	(2)	100%	99.9%	
BNPP Fleet Holdings Ltd	UK	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Cent ASL	France	Full	(2)	100%	99.9%	E2					
Cofiparc	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Greenval Insurance DAC	Ireland	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	V3
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%	
BNPP 3 Step IT	France	Full		51%	42.3%		Full		51%	42.3%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
BNPP 3 Step IT (Belgium branch)	Belgium	Full		51%	42.3%		Full		51%	42.3%	
BNPP 3 Step IT (Germany branch)	Germany	Full		51%	42.3%		Full		51%	42.3%	
BNPP 3 Step IT (Italy branch)	Italy	Full		51%	42.3%		Full		51%	42.3%	
BNPP 3 Step IT (Netherlands branch)	Netherlands	Full		51%	42.3%		Full		51%	42.3%	
BNPP 3 Step IT (United Kingdom branch)	UK	Full		51%	42.3%		Full		51%	42.3%	
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					S4	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					S1	Full		100%	83%	
BNPP Lease Group SP ZOO	Poland	Full		100%	83%		Full		100%	83%	
BNPP Leasing Services	Poland	Full		100%	87.4%	V3	Full		100%	88.7%	
BNPP Leasing Solution AS	Norway	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions	Luxembourg	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions AB	Sweden	Full		100%	83%	E1					
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
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%	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
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
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	France	Full (1)	51%	42.3%		Full (1)	51%	42.3%	
MGF (Germany branch)	Germany	Full (1)	51%	42.3%		Full (1)	51%	42.3%	E2
MGF (Italy branch)	Italy	Full (1)	51%	42.3%		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%	
Pixel 2021 (t)	France	Full	-	-	E2				
RD Leasing IFN SA	Romania				S4	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
New Digital Businesses									
Financière des Paiements Electroniques	France	Full	95%	95%		Full	95%	95%	
Financière des Paiements Electroniques (Belgium branch)	Belgium	Full	95%	95%	E2				
Financière des Paiements Electroniques (Portugal branch)	Portugal	Full	95%	95%	E2				

		31 December 2021					31 December 2020				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Financière des Paiements Electroniques (Spain branch)	Spain	Full		95%	95%		Full		95%	95%	
Lyf SA	France	Equity	(3)	43.8%	43.8%		Equity	(3)	43.8%	43.8%	
Lyf SAS	France	Equity	(3)	49.1%	49.1%		Equity	(3)	49.1%	49.1%	V4
Personal Investors											
Espresso Financial Services Private Limited (Ex- Sharekhan Comtrade Private Limited)	India	Full		100%	100%		Full		100%	100%	E1
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	India	Full		100%	100%		Full		100%	100%	
Sharekhan Commodities Private Ltd	India										S3
Sharekhan Ltd	India	Full		100%	100%		Full		100%	100%	
INTERNATIONAL FINANCIAL SERVICES											
BNP Paribas Personal Finance											
Alpha Crédit SA	Belgium	Full		100%	99.9%		Full		100%	99.9%	
AutoFlorence 1 SRL (t)	Italy	Full		-	-		Full		-	-	
AutoFlorence 2 SRL (t)	Italy	Full		-	-	E2					
Autonoria 2019 (t)	France	Full		-	-		Full		-	-	
Autonoria Spain 2019 (t)	Spain	Full		-	-		Full		-	-	
Autonoria Spain 2021 FT (t)	Spain	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
Banco Cetelem SA	Spain	Full		100%	100%		Full		100%	100%	
Banco Cetelem SA	Brazil	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%		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%	
Central Europe Technologies SRL	Romania	Full		100%	100%	E1					

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Cetelem Algérie	Algeria					S1	Full		100%	100%	
Cetelem America Ltda	Brazil	Full		100%	100%		Full		100%	100%	
Cetelem Bank LLC	Russia										S2
Cetelem Gestion AIE	Spain	Full		100%	96%		Full		100%	96%	
Cetelem SA de CV	Mexico	Full		100%	100%		Full		100%	100%	
Cetelem Servicios Informaticos AIE	Spain	Full		100%	81%		Full		100%	81%	
Cetelem Servicios SA de CV	Mexico	Full		100%	100%		Full		100%	100%	
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					S1	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 (t)	France										S1
Domos 2017 (t)	France	Full		-	-		Full		-	-	
E Carat 10 (t)	France	Full		-	-		Full		-	-	
E Carat 6 PLC (t)	UK										S1
E Carat 7 PLC (t)	UK					S3	Full		-	-	
E Carat 8 PLC (t)	UK					S3	Full		-	-	
E Carat 9 PLC (t)	UK					S3	Full		-	-	
E Carat 10 PLC (t)	UK	Full		-	-		Full		-	-	
E Carat 11 PLC (t)	UK	Full		-	-		Full		-	-	E1
E Carat 12 PLC (t)	UK	Full		-	-	E2					
E Carat SA (t)	Luxembourg					S3	Full		-	-	
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%	
Evollis	France	Equity		41%	41%	E3					
Findomestic Banca SPA	Italy	Full		100%	100%		Full		100%	100%	
Florence Real Estate Developments SPA	Italy	Full		100%	100%	E1					
Florence SPV SRL (t)	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%	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
International Development Resources AS Services SA	Spain	Full	100%	100%	E1				
Iqera Services (Ex- Effico)	France	Equity	24.5%	24.5%		Equity	24.5%	24.5%	
Laser ABS 2017 Holding Ltd	UK								S3
Laser ABS 2017 PLC (t)	UK								S3
Leval 20	France								S4
Loisirs Finance	France	Full (1)	51%	51%		Full (1)	51%	51%	
Magyar Cetelem Bank ZRT	Hungary	Full	100%	100%		Full	100%	100%	
Neuilly Contentieux	France	Full	95.9%	95.6%		Full	95.9%	95.6%	V3
Noria 2018-1 (t)	France	Full	-	-		Full	-	-	
Noria 2020 (t)	France	Full	-	-		Full	-	-	E2
Noria 2021 (t)	France	Full	-	-	E2				
Noria Spain 2020 FT (t)	Spain	Full	-	-		Full	-	-	E2
Norrsken Finance	France								S4
Olympia SAS	France				S3	Full	50%	50%	
Oney Magyarorszag ZRT	Hungary								S2
Opel Bank	France	Full	50%	50%		Full	50%	50%	
Opel Bank (Austria branch)	Austria	Full	50%	50%		Full	50%	50%	E2
Opel Bank (Germany branch)	Germany	Full	50%	50%		Full	50%	50%	
Opel Bank (Greece branch)	Greece				S1	Full	50%	50%	
Opel Bank (Italy branch)	Italy	Full	50%	50%		Full	50%	50%	
Opel Bank (Spain branch)	Spain	Full	50%	50%		Full	50%	50%	
Opel Finance BV	Belgium	Full	100%	50%		Full	100%	50%	
Opel Finance International BV	Netherlands								S4
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
Opel Leasing GmbH (Austria branch)	Austria								S4
Personal Finance Location	France	Full	100%	100%	E1				
PF Services GmbH	Germany	Full	100%	100%	E1				
Phedina Hypotheken 2010 BV (t)	Netherlands	Full	-	-		Full	-	-	
Projeo	France								S4
RCS Botswana Pty Ltd	Botswana	Full	100%	100%		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%		Full	100%	100%	E1
Securitisation funds UCI and RMBS Prado (b) (t)	Spain	Equity (3)	-	-		Equity (3)	-	-	
Servicios Financieros Carrefour EFC SA	Spain	Equity	37.3%	40%		Equity	37.3%	40%	
Solfinéa	France				S3	Equity (3)	45%	45%	

		31 December 2021					31 December 2020				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Suning Consumer Finance Co Ltd	China	Equity		15%	15%		Equity		15%	15%	
Sygma Fundings Two Ltd	UK					S3	Full		100%	100%	
Symag	France					S2	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%		Full		51%	51%	E1
Zhejiang Wisdom Puhua Financial Leasing Co Ltd	China	Equity	(3)	20%	20%	E3					
International Retail Banking – BancWest											
BancWest Holding Inc	USA	Full		100%	100%	D2	Full		100%	100%	
BancWest Holding Inc Grantor Trust ERC Subaccount (s)	USA	Full		-	-	D2	Full		-	-	
Bancwest Holding Inc Umbrella Trust (s)	USA	Full		-	-	D2	Full		-	-	E2
BancWest Investment Services Inc	USA	Full		100%	100%	D2	Full		100%	100%	
Bank of the West	USA	Full		100%	100%	D2	Full		100%	100%	
Bank of the West Auto Trust 2018-1 (t)	USA	Full		-	-	D2	Full		-	-	
Bank of the West Auto Trust 2019-1 (t)	USA	Full		-	-	D2	Full		-	-	
Bank of the West Auto Trust 2019-2 (t)	USA	Full		-	-	D2	Full		-	-	
BNPP Leasing Solutions Canada Inc	Canada	Full		100%	100%		Full		100%	100%	
BOW Auto Receivables LLC (t)	USA	Full		-	-	D2	Full		-	-	
BWC Opportunity Fund 2 Inc (t)	USA	Full		-	-	D2	Full		-	-	
BWC Opportunity Fund Inc (t)	USA	Full		-	-	D2	Full		-	-	
CFB Community Development Corp	USA	Full		100%	100%	D2	Full		100%	100%	
Claas Financial Services LLC	USA	Full		51%	51%	D2	Full		51%	51%	
Commercial Federal Affordable Housing Inc	USA	Full		100%	100%	D2	Full		100%	100%	
Commercial Federal Community Development Corp	USA					S1	Full		100%	100%	
Commercial Federal Insurance Corp	USA					S1	Full		100%	100%	
Commercial Federal Investment Service Inc	USA					S1	Full		100%	100%	
First Santa Clara Corp (s)	USA	Full		-	-	D2	Full		-	-	
Liberty Leasing Co	USA					S1	Full		100%	100%	
United California Bank Deferred Compensation Plan Trust (s)	USA	Full		-	-	D2	Full		-	-	E2
Ursus Real Estate Inc	USA	Full		100%	100%	D2	Full		100%	100%	
International Retail Banking – Europe Mediterranean											
Bank of Nanjing	China	Equity		15%	15%	V1	Equity		14%	14%	V3
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					S2	Full		55.6%	55.6%	

		31 December 2021				31 December 2020			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Banque Internationale pour le Commerce et l'Industrie du Burkina Faso	Burkina Faso				S2	Full	51%	51%	
Banque Internationale pour le Commerce et l'Industrie du Gabon	Gabon								S2
Banque Internationale pour le Commerce et l'Industrie du Mali	Mali								S2
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
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%	
BGZ Poland ABS1 DAC (t)	Ireland	Full	-	-		Full	-	-	
BICI Bourse	Ivory Coast	Full	90%	52%	V4	Full	90%	51.6%	V3
BMCI Leasing	Morocco	Full	86.9%	58.2%		Full	86.9%	58.2%	
BNPP Bank Polska SA	Poland	Full	87.4%	87.4%	V3	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%	87.4%	V3	Full	100%	88.7%	
BNPP Yatirimlar Holding AS	Turkey	Full	100%	100%		Full	100%	100%	
Joint Stock Company Ukrsibbank	Ukraine	Full	60%	60%		Full	60%	60%	
TEB ARF Teknoloji Anonim Sirketi	Turkey	Full	100%	72.5%	E2				
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
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				S2	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				S1	Full (4)	-	-	
Ambrosia Mars 2026 (s)	France				S1	Full (4)	-	-	
Astridplaza	Belgium	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
Batipart Participations SAS	Luxembourg	FV	29.7%	29.7%		FV	29.7%	29.7%	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
Becquerel (s)	France	Full (4)	-	-		Full (4)	-	-	E1
BNPP Actions Croissance (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions Entrepreneurs (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions Euro (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions Monde (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions PME (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Actions PME ETI (s)	France	Full (4)	-	-	E1				
BNPP Aqua (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Best Selection Actions Euro (s)	France	Full (4)	-	-		Full (4)	-	-	
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*	94.5%	94.5%	V4	Equity*	92.5%	92.5%	V4
BNPP Cardif Hayat Sigorta AS	Turkey	Equity*	100%	100%		Equity*	100%	100%	
BNPP Cardif Levensverzekeringen NV	Netherlands				S4	Full (2)	100%	100%	
BNPP Cardif Livforsakring AB	Sweden	Full (2)	100%	100%	D1	Equity*	100%	100%	
BNPP Cardif Livforsakring AB (Denmark branch)	Denmark	Full (2)	100%	100%	D1	Equity*	100%	100%	
BNPP Cardif Livforsakring AB (Norway branch)	Norway	Full (2)	100%	100%	D1	Equity*	100%	100%	
BNPP Cardif Pojistovna AS	Czech Rep.	Full (2)	100%	100%		Full (2)	100%	100%	
BNPP Cardif Schadeverzekeringen NV	Netherlands				S4	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%		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)	-	-	
BNPP Deep Value (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Développement Humain (s)	France	Full (4)	-	-		Full (4)	-	-	
BNPP Diversipierre (s)	France	Full (2)	-	-		Full (2)	-	-	
BNPP European SME Debt Fund 2 SCSP RAIF (s)	Luxembourg	Full (4)	-	-	E1				
BNPP Europe High Conviction Bond (s)	France				S1	Full (4)	-	-	

		31 December 2021						31 December 2020					
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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)	-	-	
BNPP Indice Euro (s)	France					S3	Full	(4)	-	-	E1
BNPP Indice France (s)	France										S3
BNPP Midcap France (s)	France					S3	Full	(4)	-	-	
BNPP Moderate Focus Italia (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Monétaire Assurance (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Multistratégies Protection 80 (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Next Tech (s)	France	Full	(4)	-	-	E1					
BNPP Protection Monde (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Sélection Dynamique Monde (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Sélection Flexible (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Smallcap Euroland (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Social Business France (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)	98.5%	98.5%	V4	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%		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%	
Cardif Assurances Risques Divers (Germany branch)	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	

Name	Country	31 December 2021					31 December 2020				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Cardif Assurances Risques Divers (Italy branch)	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Luxembourg branch)	Luxembourg										S1
Cardif Assurances Risques Divers (Netherlands branch)	Netherlands	Full	(2)	100%	100%		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)	-	-		Full	(2)	-	-	E1
Cardif BNPP AM Frontier Markets (s)	France										S3
Cardif BNPP AM Global Senior Corporate Loans (s)	France	Full	(4)	-	-		Full	(4)	-	-	
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 BNPP IP Smid Cap Europe (s)	France	Full	(4)	-	-	E1					
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	Full	(2)	100%	100%	D1	Equity*		100%	100%	
Cardif Forsakring AB (Denmark branch)	Denmark	Full	(2)	100%	100%	D1	Equity*		100%	100%	
Cardif Forsakring AB (Norway branch)	Norway	Full	(2)	100%	100%	D1	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	Luxembourg	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%	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
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	Equity*	100%	100%	D1	Full (2)	100%	100%	
Cardif Services AEIE	Portugal	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Servicios SA	Argentina								S3
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				S2	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%	98.5%	V4	Full (2)	100%	98.4%	
CFH Bercy	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Bercy Hotel	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Bercy Intermédiaire	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Berlin Holdco SARL	Luxembourg	Full (2)	100%	98.5%	E2				
CFH Boulogne	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Cap d'Ail	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Milan Holdco SRL	Italy	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Montmartre	France	Full (2)	100%	98.5%	V4	Full (2)	100%	98.4%	
CFH Montparnasse	France	Full (2)	100%	98.5%	V4	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%	
Diversipierre DVP 1	France	Full (2)	100%	88.7%	E1				
Diversipierre Germany GmbH	Germany	Equity*	100%	88.7%	E1				
DVP European Channel	France	Equity*	100%	88.7%	E1				
DVP Green Clover	France	Equity*	100%	88.7%	E1				
DVP Haussmann	France	Equity*	100%	88.7%	E1				
DVP Heron	France	Equity*	100%	88.7%	E1				
Eclair (s)	France	Full (4)	-	-		Full (4)	-	-	
Elegia Septembre 2028 (s)	France				S1	Full (4)	-	-	E1
EP L (s)	France	Full (2)	-	-		Full (2)	-	-	
EP1 Grands Moulins (s)	France	Equity*	-	-		Equity*	-	-	E1
FDI Poncelet	France	Full (2)	100%	100%		Full (2)	100%	100%	E2
Fleur SAS	France	FV	33.3%	33.3%		FV	33.3%	33.3%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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)	99.9%	99.9%	V2	Full	(2)	100%	100%	
GPinvest 10	France	FV		50%	50%	E3					
Harewood Helena 2 Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Hemisphere Holding	France	Equity		20%	20%		Equity		20%	20%	
Hibernia France	France	Full	(2)	100%	98.5%	V4	Full	(2)	100%	98.4%	
High Street Retail	France					S2	FV		26.2%	26.2%	V4
Horizon Development GmbH	Germany	FV		66.7%	62.9%	V3	FV		66.7%	64.7%	
Icare	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Icare Assurance	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
ID Cologne A1 GmbH	Germany	Equity*		79.2%	74.1%	E3					
ID Cologne A2 GmbH	Germany	Equity*		79.2%	74.1%	E3					
Karapass Courtage	France	Equity*		100%	100%		Equity*		100%	100%	E3
Korian et Partenaires Immobilier 1	France	FV		24.5%	24.5%		FV		24.5%	24.5%	E2
Korian et Partenaires Immobilier 2	France	FV		24.5%	24.5%		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)	-	-	
OC Health Real Estate GmbH	Germany	FV		35%	31%	E3					
Opéra Rendement (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Paris Management Consultant Co Ltd	Taiwan	Equity*		100%	100%		Equity*		100%	100%	
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%		FV		47.5%	47.5%	V4
Reumal Investissements	France	Full	(2)	100%	100%		Full	(2)	100%	100%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Rubin SARL	Luxembourg	FV		50%	50%		FV		50%	50%	
Rueil Ariane	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SAS HVP	France	Full	(2)	100%	98.5%	V4	Full	(2)	100%	98.4%	
Schroder European Operating Hotels Fund 1 (s)	Luxembourg	FV		-	-	E1					
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 Batipart Chadesrent	France	FV		20%	20%	E2					
SCI Biv Malakoff	France	FV		23.3%	23.3%	E3					
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 Etoile	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Défense Vendôme	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Etoile 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%	
SCI Liberté	France					S2	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	France	Full	(2)	100%	100%		Full	(2)	100%	100%	E2
SCI Paris Turenne	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
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%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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%	
Seniorenzentren Deutschland Holding SARL	Luxembourg	FV		20%	17.7%		FV		20%	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 Mermoz	France	FV		25%	25%	E2					
SNC Batipart Poncelet	France	FV		25%	25%	V1	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	Luxembourg	Full	(2)	100%	88.6%		Full	(2)	100%	88.6%	
Tikehau Cardif Loan Europe (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Valeur Pierre Epargne	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Valtitres FCP (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Velizy Holding	France	FV		33.3%	33.3%		FV		33.3%	33.3%	
Vietcombank Cardif Life Insurance Co Ltd	Viet Nam										S2
Wealth Management											
BNPP Wealth Management DIFC Ltd	United Arab Emirates	Full		100%	100%		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
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%	
Bancoestado Administradora General de Fondos SA	Chile	Equity		50%	49.1%		Equity		50%	49.1%	
BNPP AM International Hedged Strategies (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%	
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%		Full		100%	98.2%	E2

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
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	Luxembourg	Full	99.7%	97.9%		Full	99.7%	97.9%	
BNPP Asset Management Nederland NV	Netherlands				S4	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
BNPP B Institutional II (s)	Belgium	Full (4)	-	-		Full (4)	-	-	
BNPP Capital Partners	France				S4	Full	100%	100%	
BNPP Dealing Services	France	Full	100%	98.2%		Full (1)	100%	98.2%	
BNPP Flexi I (s)	Luxembourg	Full (4)	-	-		Full (4)	-	-	E1
BNPP Funds (s)	Luxembourg	Full (4)	-	-		Full (4)	-	-	
BNPP L1 (s)	Luxembourg				S3	Full (4)	-	-	
BNPP Multigestion (s)	France	Full (4)	-	-		Full (4)	-	-	E1
BNPP Perspectives (s)	France				S3	Full (4)	-	-	
Drypnir AS	Norway	Full	100%	0.1%		Full	100%	0.1%	E1
EAB Group PLC	Finland	Equity	17.6%	17.3%		Equity	17.6%	17.3%	
Fund Channel	Luxembourg								S2
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	100%	98.2%	V1	Full	86%	84.4%	
Groeivermogen NV	Netherlands				S3	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	13.8%	13.5%	V3	Equity	14%	13.7%	V2
Parworld (s)	Luxembourg								S3
Services Epargne Entreprise	France	Equity	35.6%	35.6%		Equity	35.6%	35.6%	V2
Shinhan BNPP Asset Management Co Ltd	Rep. of Korea				S2	Equity	35%	34.4%	
SME Alternative Financing DAC (s)	Ireland	Full	-	-		Full	-	-	
Theam Quant (s)	Luxembourg	Full (4)	-	-		Full (4)	-	-	
Real Estate Services									

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
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	Luxembourg	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				S4	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
BNPP Real Estate APM CR SRO	Czech Rep.				S2	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%	
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	Luxembourg	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				S2	Full (2)	100%	100%	

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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%	
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					S4	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%	
BNPP Real Estate Spain SA	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Transaction France	France	Full	(2)	96.6%	96.6%	V2	Full	(2)	96.9%	96.9%	V1
BNPP Real Estate Valuation France	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cariboo Development SL	Spain	Equity		65%	65%		Equity		65%	65%	V2
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					S4	Full	(2)	100%	100%	
Nanterre Arboretum	France	Full	(2)	100%	100%		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
Sviluppo Residenziale Italia SRL	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Wapiti Development SL	Spain	Equity		65%	65%	E1					
CORPORATE & INSTITUTIONAL BANKING											
SECURITIES SERVICES											
Allfunds Group PLC (Ex- Allfunds UK Ltd)	UK	Equity		13.8%	13.7%	V2	Equity		22.5%	22.4%	E3
AssetMetrix	Germany	Equity		14.9%	14.9%	V4	Equity		14.2%	14.2%	E1
BNPP Financial Services LLC	USA	Full		100%	100%		Full		100%	100%	
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%	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
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 (Luxembourg branch)	Luxembourg	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	-	-	
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	-	-	
Ellipsis Asset Management	France	Full	100%	100%	V1/D3				
Esomet	France								S4
Eurotitrisation	France	Equity	21.7%	21.7%	V3	Equity	23%	23%	
Exane	France	Full	100%	100%	V1/D3				
Exane (Germany branch)	Germany	Full	100%	100%	V1/D3				
Exane (Italy branch)	Italy	Full	100%	100%	V1/D3				
Exane (Spain branch)	Spain	Full	100%	100%	V1/D3				
Exane (Sweden branch)	Sweden	Full	100%	100%	V1/D3				
Exane (Switzerland branch)	Switzerland	Full	100%	100%	V1/D3				
Exane (United Kingdom branch)	UK	Full	100%	100%	V1/D3				
Exane Asset Management	France	Equity	50%	50%	V1/D3				
Exane Derivatives	France	Full	100%	100%	V1/D3				

		31 December 2021					31 December 2020				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Exane Derivatives (Italy branch)	Italy	Full		100%	100%	V1/D3					
Exane Derivatives (Switzerland branch)	Switzerland	Full		100%	100%	V1/D3					
Exane Derivatives (United Kingdom branch)	UK	Full		100%	100%	V1/D3					
Exane Derivatives Gerance	France	Full		100%	100%	V1/D3					
Exane Finance	France	Full		100%	100%	V1/D3					
Exane Participations	France	Full		99%	99%	V1/D3					
FCT Juice (t)	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	Full		100%	100%	V1/D3	Equity		40%	50%	
Verner Investissements NewCo1	France	Full		100%	100%	E3					
Verner Investissements NewCo2	France	Full		100%	100%	E3					
Other European countries											
Alectra Finance PLC (t)	Ireland					S3	Full		-	-	
Aquarius + Investments PLC (t)	Ireland	Full		-	-		Full		-	-	
Aries Capital DAC (t)	Ireland	Full		-	-		Full		-	-	
Auseter Real Estate Opportunities SARL (t)	Luxembourg	Full		-	-		Full		-	-	
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 (t)	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 (t)	Netherlands	Full		-	-		Full		-	-	
BNPP Issuance BV (t)	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 Suisse SA	Switzerland	Full		100%	100%		Full		100%	100%	
BNPP Suisse SA (Guernsey branch)	Guernsey	Full		100%	100%		Full		100%	100%	
BNPP Technology LLC	Russia	Full		100%	100%		Full		100%	100%	E2

		31 December 2021				31 December 2020			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
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%	
Ellipsis AM Suisse SARL	Switzerland	Full	100%	100%	V1/D3				
Exane Solutions Luxembourg SA	Luxembourg	Full	100%	100%	V1/D3				
FScholen	Belgium	Equity (3)	50%	50%		Equity (3)	50%	50%	
Greenstars BNPP	Luxembourg	Full (2)	100%	100%		Full (2)	100%	100%	
Kantox Ltd	UK	Equity	9.5%	9.5%	V4	Equity	8.8%	8.8%	E3
Madison Arbor Ltd (t)	Ireland	Full	-	-		Full	-	-	
Matchpoint Finance PLC (t)	Ireland	Full	-	-		Full	-	-	
Ribera Del Loira Arbitrage	Spain	Full	100%	100%		Full	100%	100%	
Scaldis Capital Ltd (t)	Jersey								S3
Securasset SA (t)	Luxembourg	Full	-	-	E1				
Single Platform Investment Repackaging Entity SA (t)	Luxembourg	Full	-	-		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
BNPP Energy Trading LLC	USA								S1
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 Mexico Holding	Mexico	Full	100%	100%	E1				
BNPP Mexico SA Institucion de Banca Multiple	Mexico	Full	100%	100%	E1				
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	-	-	

		31 December 2021				31 December 2020			
Name	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
BNPP VPG EDMC Holdings LLC (s)	USA	Full	-	-		Full	-	-	
BNPP VPG Express LLC (s)	USA	Full	-	-		Full	-	-	
BNPP VPG I LLC (s)	USA	Full	-	-		Full	-	-	
BNPP VPG II LLC (s)	USA	Full	-	-		Full	-	-	
BNPP VPG III LLC (Ex- BNPP VPG CT Holdings 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)	-	-	
Exane Inc	USA	Full	100%	100%	V1/D3				
FSI Holdings Inc	USA	Full	100%	100%		Full	100%	100%	
Starbird Funding Corp (t)	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
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%	
Contour Pte Ltd (Ex – Global Trade Network Pte Ltd)	Singapore				S2	Equity	7.5%	7.5%	E3
OTHER BUSINESS UNITS									

		31 December 2021					31 December 2020				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Principal Investments											
BNPP Agility Capital	France	Full		100%	100%		Full		100%	100%	E1
BNPP Agility Fund Equity SLP (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Agility Fund Private Debt SLP (s)	France	Full	(4)	-	-		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	Full		100%	100%	V1/D4	Equity		50%	50%	
BNPP Partners for Innovation Belgium	Belgium	Full		100%	100%	V1/D4					
BNPP Partners for Innovation Italia SRL	Italy	Full		100%	100%	V1/D4					
BNPP Procurement Tech	France	Full		100%	100%		Full		100%	100%	
BNPP Public Sector SA (Ex- BNPP Public Sector SCF)	France	Full		100%	100%		Full	(1)	100%	100%	
Euro Secured Notes Issuer (s)	France	Full		-	-		Full		-	-	
FCT Lafayette 2021 (t)	France	Full		-	-	E2					
FCT Laffitte 2016 (t)	France					S1	Full		-	-	
FCT Laffitte 2021 (t)	France	Full		-	-	E2					
FCT Opéra 2014 (t)	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%	
Transvalor	France	Equity		20.2%	20.2%	E1					

(a) At 31 December 2021, 11 Private Equity investment entities versus 12 Private Equity investment entities at 31 December 2020.
(b) At 31 December 2021, the securitisation funds UCI and RMBS Prado include 15 funds (FCC UCI 11, 12, 14 à 17, Fondo de Titulizacion Structured Covered Bonds, RMBS Prado III to IX et Green Belem I) versus 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) at 31 December 2020.
(c) At 31 December 2021, 115 Construction-sale companies (89 Full and 26 Equity) versus 112 at 31 December 2020 (89 Full and 23 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 website.

Changes 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, etc.)
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
D2 Entities of a business held for sale
D3 The Verner Investissements group was consolidated under equity method in BNP Paribas Group until 13 July 2021. Following the additional purchase of interest by BNP Paribas Group, the Verner Investments group is fully consolidated (see note 7.c.)
D4 The BNPP Partners for Innovation group was consolidated under equity method in BNP Paribas Group until 3 December 2021. Following the additional purchase by the Group, the BNPP Partners for Innovation group is fully consolidated.
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
(t) Securitisation funds
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 No. 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.M FEES PAID TO THE STATUTORY AUDITORS

Year to 31 Dec. 2021 *Excluding tax, in thousands of euros*	**Deloitte**		**PricewaterhouseCoopers**		**Mazars**		**TOTAL**	
	Total	**%**	**Total**	**%**	**Total**	**%**	**Total**	**%**
Statutory audits and contractual audits, including	16,037	76%	17,925	70%	12,979	88%	46,941	76%
Issuer	3,774		4,780		3,179		11,733	
Consolidated subsidiaries	12,263		13,145		9,800		35,208	
Services other than those required for their statutory audit engagement, including	5,081	24%	7,727	30%	1,694	12%	14,502	24%
Issuer	1,801		2,310		825		4,936	
Consolidated subsidiaries	3,280		5,417		869		9,566	
TOTAL	**21,118**	**100%**	**25,652**	**100%**	**14,673**	**100%**	**61,443**	**100%**
of which fees paid to Statutory Auditors in France for the statutory audit and contractual audit	*5,710*		*5,225*		*5,962*		*16,897*	
of which fees paid to Statutory Auditors in France for services other than those required for their statutory audit engagements	*1,634*		*2,427*		*983*		*5,044*	

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*	

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 373 thousand for the year 2021 (EUR 621 thousand in 2020).

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

For the year ended 31 December 2021

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 2021.

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 2021 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 2021 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.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the paragraph «Employee benefits» of Note 1.j which sets out the effects on the consolidated financial statements at 31 December 2021 of the application of the IFRIC decision on the commitments to be recognised in respect of certain post-employment benefit plans.

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, 4.p and 7.d 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.
Despite the ongoing Covid-19 pandemic, the global economy recovered strongly in 2021. Uncertainties remain, however, as to the extent and sustainability of this recovery, particularly for specific economic sectors.
In this environment marked by continued high uncertainty relating to the unprecedented environment created by the Covid-19 crisis, the measurement of expected credit losses for customer loan portfolios required the BNP Paribas Group to exercise significant 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 industries that are still affected by the crisis;
▪ prepare macro-economic and sector-specific 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 and taking into account a medium-term perspective of economic growth;
As of December 31, 2021, the total amount of outstanding customer loans exposed to credit risk amounted to EUR 884 billion, impaired by EUR 20 billion (of which EUR 51 billion and EUR 0.5 billion euros regarding BancWest).
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, particularly in the context of the uncertainty linked to the pandemic and its effects on the default level of counterparties.
	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.
	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 sectors still affected by the Covid-19 crisis.
	▪ 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 and sector-specific projections used by BNP Paribas across the various business lines, the proper integration of said projections into the information system and the effectiveness of the data quality controls; we paid particular attention to changes in the adjustments made during the past year to the models to factor in, based on available information, the effects of the Covid-19 crisis on the sectors still 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 counterparties under surveillance had been carried out by BNP Paribas and assessed the assumptions and data used by management to estimate impairment.
	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 2021, financial instruments represented EUR 669 billion (of which EUR 5.3 billion for level 3 instruments) under assets and EUR 641 billion (of which EUR 10.3 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 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 consolidated financial statements with respect to the valuation of financial instruments.

Goodwill impairment

(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, corresponding to the excess of the acquisition price of the shares of acquired companies over the value of the Group's interest. At 31 December 2021, goodwill amounted to EUR 5.1 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.	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 2021 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); ▪ 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.

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 by BNP Paribas for its 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 2021, total technical insurance reserves and other liabilities amounted to EUR 255 billion. The test performed at 31 December 2021 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 2020 and 2021 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 consolidated 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 Group 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

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that 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*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting 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 2021, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars were in the sixteenth, the twenty-eighth and the twenty-second 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, 15 March 2022

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Laurence Dubois	Patrice Morot	Virginie Chauvin"

(e) Section 5 entitled "Risks and Capital Adequacy – Pillar 3" on pages 340 to 582 shall be deleted in its entirety and replaced with the following:

" 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. 2019/876 of 20 May 2019 on prudential requirements for credit institutions and investment firms[1]. This regulation is set out in the various technical standards published by the European Commission and European Banking Authority aimed at improving the comparability of information published by the institutions. The format and references of the Pillar 3 tables are changing in line with the entry into application on 28 June 2021 of Commission Implementing Regulation (EU) No. 2021/637;
- 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 should 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 lead to 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 main purpose of the leverage ratio is to act as a supplementary measure to the risk-based capital requirements (backstop principle). It has been subject to a minimum requirement since 28 June 2021.

  The Group's leverage ratio as at 31 December 2021 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 is applicable since 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 is supplemented in Europe by the introduction of an MREL (Minimum Requirement for own funds and Eligible Liabilities) ratio applicable from 1 January 2024, with a progressive intermediate requirement applicable from 1 January 2022 (see *Capital adequacy and capital planning* in section 5.2).

[1] *The disclosures required under article 450 concerning the Group's compensation policy are available in the Compensation of regulated employees section of the Investor Relations website: https://invest.bnpparibas.com/en/compensation-regulated-employees.*

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. Transposition into European law was initiated by the European Commission with the publication on 27 October 2021 of draft CRR 3 and CRD 6 amendments providing for gradual entry into force from 1 January 2025.

In chapter 5, the figures shown may not appear to add up in certain columns and rows due to rounding.

Certification and governance

I, the undersigned, Lars Machenil, Chief Financial Officer (CFO) of the BNP Paribas Group, hereby confirm, after taking all reasonable steps to this effect, that the information contained in chapter 5 *Risks and capital adequacy – Pillar 3* is, to the best of my knowledge, compliant with the requirements of Part 8 of Regulation (EU) No. 2019/876 (CRR 2).

Paris, 15 March 2022

The BNP Paribas Group operates all of its activities within the framework of a robust internal control system.

Control plans and procedures are in place within the Group to ensure the proper compliance of the information contained in the management report.

A committee, chaired by the Deputy Chief Financial Officer, has examined chapter 5 and verified that the controls have been carried out and that the regulatory requirements in terms of publication have been complied with, including the provisions of Article 432 of Regulation (EU) No. 2019/876 (CRR 2) relating to non-material, sensitive and confidential information.

The financial information and elements contained in chapter 5 reflect a prudential vision and, in particular, include activity relating to BancWest. Unless otherwise stated, information and financial elements include in particular the activity relating to BancWest to reflect an operational vision. They are therefore presented excluding the effects of the application of IFRS 5 on groups of assets and liabilities held for sale. Table EU LI1-A/EU CC2 of section 5.2 Capital management and capital adequacy includes a reconciliation between the regulatory vision presented excluding the application of IFRS 5 and the consolidated financial statements applying IFRS 5. In addition, the risk-weighted assets of the BancWest cash-generating unit are presented in Appendix 4 of this chapter.

5.1 Annual risk survey

KEY FIGURES

REGULATORY RATIOS

Change in Group solvency

The Group has a solid financial structure. The CET1 ratio stands at 12.9%[1] as at 31 December 2021, with an increase of 10 basis point compared to 31 December 2020. This is explained by:

- the placing into reserves of 2021 net income after taking into account a 50% dividend pay-out ratio and the impact of the execution of the share buyback programme of EUR 900 million in Q4 2021 (+50 bps);
- the increase of risk-weighted assets at constant scope and exchange rates[2] (-25 bps);
- other impacts on the ratio, in particular due to the tapering of regulatory amendments related to the public health crisis[3] (-15 bps).

The Group's CET1 ratio is significantly higher than requirements notified by the European Central Bank, at 9.23% at 31 December 2021 (see Table 20: *Overall capital requirements*) and 9.27% at 1 March 2022.

As part of its Growth, Technology & Sustainability 2025 business development plan, the Group relies on a CET1 ratio enabling it to absorb the full impact of the regulatory constraints related to the finalisation of Basel III (CRR 3), estimated by the Group at 8% of risk-weighted average assets in 2025. The Group's objective is a CET1 ratio of 12.9% in 2024 according to the current regulatory

[1] *CRD 4; including IFRS 9 transitional provisions.*
[2] *Including updates of models and regulations.*
[3] *IFRS 9 transitional arrangements and PVA aggregation factor (-10 bps).*

framework (CRR 2) and of 12.0% in 2025 according to the finalised Basel III regulatory framework (CRR 3), taking into account average annual growth in risk-weighted assets of around 3%.

On 18 December 2021, BNP Paribas signed an agreement with BMO Financial Group for the sale of 100% of its commercial and personal banking activities in the United States operated by the BancWest Holding Inc group, for a total price consideration of USD 16.3 billion, paid in cash (see chapter 3.6 *Outlook*). This transaction is to expected formally closed during the course of 2022, subject to the usual conditions precedent, including the approval of the relevant regulatory and antitrust authorities. The expected impact of this transaction on the Group's CET1 ratio is estimated at +170 bps[1], before neutralising the effect of net earnings per share related to this transaction.

Key regulatory ratios

The capital ratio data below take into account the transitional provisions relating to the introduction of IFRS 9 (Article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873). The impact of these transitional measures on regulatory capital and regulatory ratios is presented under *Regulatory capital* in section 5.2 *Capital management and capital adequacy* (see Table 16 IFRS9-FL).

➤ TABLE 1: KEY INDICATORS (EU KM1)

	In millions of euros	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021
Available own funds						
1	Common Equity Tier 1 (CET1) capital	92,057	91,976	92,474	91,137	89,717
2	Tier 1 capital	100,478	100,255	101,498	100,162	98,783
3	Total capital	119,270	117,256	118,363	116,058	113,604
Risk-weighted assets						
4	Total risk-weighted assets	745,284	713,671	712,076	704,665	703,185
Capital ratios (as a percentage of risk-weighted assets)						
5	Common Equity Tier 1 ratio	12.35%	12.89%	12.99%	12.93%	12.76%
6	Tier 1 ratio	13.48%	14.05%	14.25%	14.21%	14.05%
7	Total capital ratio	16.00%	16.43%	16.62%	16.47%	16.16%
Additional own funds requirements in relation to on SREP (Pillar 2 requirement as a percentage of risk-weighted assets)						
EU 7a	Total Pillar 2 requirements	1.39%	1.25%	1.25%	1.25%	1.25%
EU 7b	Of which: Additional CET1 SREP requirements	0.78%	0.70%	0.70%	0.70%	0.70%
EU 7c	Of which: Additional AT1 SREP requirements	1.04%	0.94%	0.94%	0.94%	0.94%
EU 7d	Total SREP own funds requirements	9.39%	9.25%	9.25%	9.25%	9.25%
Combined buffer overall capital requirements (as a percentage of risk-weighted assets)						
8	Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer	0.03%	0.03%	0.03%	0.03%	0.03%
EU 9a	Systemic risk buffer	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Banks buffer (G-SIB)	1.50%	1.50%	1.50%	1.50%	1.50%
EU 10a	Other Systemically Important Banks buffer (D-SIB)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Combined buffer requirement(1)	4.03%	4.03%	4.03%	4.03%	4.03%
EU 11a	Total overall capital requirements(2)	13.42%	13.28%	13.28%	13.28%	13.28%

[1] *Estimate based on equity, risk-weighted assets and an effective disposal date of 18 December 2021.*

	In millions of euros	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021
12	CET1 available after meeting the total SREP own funds requirements	6.44%	7.11%	7.32%	7.22%	
Leverage ratio						
13	Leverage ratio total exposure measure(3)	2,668,847	2,442,524	2,583,864	2,529,619	2,280,910
14	Leverage ratio	3.76%	4.10%	3.93%	3.96%	4.33%
	Leverage ratio excluding the effect of the temporary exemption of deposits with the Eurosystem central banks(3)	3.76%	4.10%	3.93%	3.96%	3.92%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure measure)						
EU 14a	Additional requirements to address risk of excessive leverage	0.00%	0.00%	0.00%	0.00%	
EU 14b	Of which: Additional CET1 SREP requirements	0.00%	0.00%	0.00%	0.00%	
EU 14c	Total SREP leverage ratio requirements	3.00%	3.00%	3.00%	3.00%	
Buffer and total leverage ratio requirement (as a percentage of leverage ratio total exposure amount)						
EU 14d	Applicable leverage buffer(4)	0.00%	0.00%	0.00%	0.00%	
EU 14e	Overall leverage ratio requirement(4)	3.00%	3.00%	3.00%	3.00%	
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA) (Average weighted value)	472,004	464,878	458,700	450,338	431,116
EU 16a	Cash outflows – Total weighted value	552,986	534,182	515,981	506,324	495,297
EU 16b	Cash inflows – Total weighted value	202,958	193,158	184,440	183,433	181,946
16	Total net cash outflows (adjusted value)	349,203	341,024	331,541	322,891	313,351
17	Liquidity coverage ratio	135.25%	136.42%	138.70%	139.76%	137.70%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	1,117,444	1,094,731	1,086,828	1,072,628	1,094,731
19	Total required stable funding	956,138	900,403	909,747	890,308	900,403
20	NSFR ratio	116.87%	121.58%	119.46%	120.48%	121.58%

(1) The buffer requirements take into account the highest buffer between G-SIB and D-SIB.
(2) Excluding non-public Pillar 2 guidance (P2G)
(3) At 31 March 2021, the leverage ratio exposure took into account the effect of the temporary exemption of deposits with the Eurosystem central banks. Excluding the temporary exemption, the leverage ratio total exposure measure stood at EUR 2,517,949 million. The Group optes for this option since 30 June 2021.
(4) The leverage ratio buffer requirement will enter into force at 1 January 2023. It will stand at 50% of the G-SIB buffer requirement applicable to the Group.

At 31 March 2022, CET1 capital requirement stands at 9.31% of RWA. The minimum requirement for LCR and NSFR ratios is 100%.

The total Pillar 2 Requirements includes at 31 March 2022 a surcharge of 0.14% for non-performing exposures on loans outstanding granted before 26 April 2019. The Group has decided, in line with ECB guidance, to cancel the deduction from CET1 of an amount (equivalent to 7 bps) corresponding to a part of the gap in provisioning versus the supervisor's expectation. This option results in a symmetric increase in P2R compared to the 1.32% requirement applicable since the 1 March 2022.

➤ TABLE 2: TLAC RATIO (EU KM2)

	In millions of euros	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021
1	Total capital and other TLAC eligible liabilities	193,169	185,870	184,849	180,483	173,845
2	Risk-weighted assets	745,284	713,671	712,076	704,665	703,185
3	**TLAC RATIO** *(in percentage of risk-weighted assets)*	**25.92%**	**26.04%**	**25.96%**	**25.61%**	**24.72%**
4	Leverage ratio total exposure measure	2,668,847	2,442,524	2,583,864	2,529,619	2,280,910
5	**TLAC RATIO** *(in percentage of leverage ratio total exposure measure)*	**7.24%**	**7.61%**	**7.15%**	**7.13%**	**7.62%**
6a	Application of the exemption provided by Article *72b(4)* of EU Regulation 2019/876(*)	N/A	N/A	N/A	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	Not applied	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	Not applied	Not applied	Not applied

(*) (*) In accordance with Regulation (EU) No. 2019/876, article 72b paragraphs 3 and 4, some preferred senior debt instruments (amounting to EUR 9,705 million at 31 March 2022) are eligible within the limit of 3.5% of risk-weighted assets. The Group did not opt for this option as at 31 March 2022.

At 31 March 2022, TLAC ratio stands at 25.92% of risk-weighted assets (25.79% excluding first 2022 quarter results), without calling on the preferred senior debt eligible within the limit of 3.5% of the risk-weighted assets. The Group is thus above the applicable minimum level of requirement which is 22.03%. This minimum level of requirement takes into account a 2.50% conservation buffer, a 1.50% G-SIBs buffer and a 0.03% countercyclical buffer.

TLAC ratio stands at 7.24% of leverage ratio total exposure measure (7.20% excluding first 2022 quarter results), without taking into account the temporary exemption related to Eurosystem central banks deposits. This ratio should be compared to a minimum requirement of 6.75%.

➤ TABLE 3: DOUBTFUL LOANS ON GROSS OUTSTANDINGS RATIO

	31 December 2021	31 December 2020
DOUBTFUL LOANS(*)/LOANS(**)	**2.0%**	**2.1%**

(*) Impaired loans (stage 3) to customers and credit institutions, not netted of guarantees, on-balance sheet and off-balance sheet and including debt securities measured at amortised cost 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 4: STAGE 3 COVERAGE RATIO

In billions of euros	31 December 2021	31 December 2020
Stage 3 provisions	16.1	16.7
Doubtful loans(*)	21.8	23.3

STAGE 3 COVERAGE RATIO	**73.6%**	**71.5%**

(*) 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 cost or at fair value through shareholders' equity (excluding insurance).

➤ TABLE 5: COST OF RISK ON OUTSTANDINGS

In annualised basis point	31 December 2021	31 December 2020
COST OF RISK/CUSTOMER LOANS (*)	**34**	**66**

(*) Cost of risk divided by customer loans at the beginning of the period (see section 3.8 Alternative performance measures (APM) – Article 223-1 of the AMF's General Regulation).

➤ TABLE 6: IMMEDIATELY AVAILABLE LIQUIDITY RESERVE

In billions of euros	31 December 2021	31 December 2020
IMMEDIATELY AVAILABLE LIQUIDITY RESERVE(*)	**452**	**432**

(*) Liquid market assets or eligible for central banks ("counterbalancing capacity") taking into account prudential standards, notably US standards, minus intraday 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 Financial Markets Risk Committee (FMRC);
- 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 falling more than 3.1% in 2020 (GDP was down 6.4% in the euro zone, 3.4% in the United States and 2% in emerging countries), global activity rebounded strongly in 2021. The recovery was particularly marked in mature countries with GDP growths of more than 5.2% in the euro zone (as in the European Union) and 5.6% in the United States. Emerging economies have also recovered, particularly in Asia and Europe.

Apart from a mechanical rebound effect, the recovery came about thanks to the quantitative easing measures taken by the major central banks (Federal Reserve Bank in the United States, European Central Bank, Bank of England, *etc.*), by the exceptional measures put in place by governments (job retention schemes, stimulus plans, or guaranteed loans) and finally, by the improvement in the public health situation since the end of 2020, largely linked to vaccination.

Despite the strong rebound in activity and the resulting spikes in inflation due to insufficient supply levels, monetary policy remains highly accomodative and yields on sovereign bonds are still extremely low in many mature economies. In light of recent developments, some central banks have begun to raise their key rates or are planning to do so in the coming quarters, while the Fed has begun to reduce its asset purchases. Over the next few years, most central banks are expected to either tighten their policy gradually (US Federal Reserve, Bank of England), or adjust it more marginally (ECB, Bank of Japan). The invasion of Ukraine by Russia in February 2022 could lead central banks to review or postpone these movements given the reaction of the markets in the short term and the still uncertain macroeconomic consequences in the long term. At the same time, while long-term bond yields have recovered significantly since August, they remain very low over a longer term perspective.

In this context, the following risk categories can be identified:

Consequences of the current public health crisis

The lasting effects of the health crisis are expected to be limited due in particular to public measures to support the economy. However, some sectors particularly affected by public health measures (*e.g.* air transport) will take longer to recover than the rest of the economy. In addition, the reopening of economies has significantly boosted inflation. This phenomenon should be transitory but it is uncertain how long it will last. Some shortages may be persistent or have spillover effects. The risk of an asset bubble has also intensified in certain areas, in connection with the support measures put in place by governments and central banks (increased savings as a result of budgetary measures, central bank asset purchasing plans). In addition, public finances have deteriorated significantly due to the public health crisis and the exceptional budgetary policy measures implemented to limit its impact. The marked increase in private debt could cause difficulties in certain sectors.

Risks of financial instability due to the conduct of monetary policies

Commercial and personal 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-interest rate 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 fiscal issues in the coming years (due to the sharp increase in public debt). 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 public health crisis led 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 are at unprecedented levels. At present, the very low level of interest rates is limiting the cost of debt service. Massive asset purchases by central banks in Europe should continue to moderate this risk in the near future, but the risk of rising interest rates will have to be monitored over the medium term in euro zone countries due to fragmented bond markets. In this context, new common issuances at European level were launched in 2020 and have continued in 2021.

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. In many advanced and emerging countries, public policy support, to avoid a wave of bankruptcies, contributed to additional debt. 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 economy if the recovery was affected by new disruptions. 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, but also with any negative growth shocks.

Risks of disruption to international trade from economic sanctions and/or protectionist measures

In Eastern Europe, the Russian invasion of Ukraine (see risk factor 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*) has led to reactions from the international community, particularly in terms of economic sanctions against Russia, the scope of which is not yet fully known. Moreover, during the health crisis, specific trade measures were put in place to facilitate the trading of strategic goods. However, disagreements between the United States and China regarding intellectual property protection, technology transfers and industrial policies are not expected to disappear in the short term. In March 2021, the European Parliament voted to suspend ratification of the Comprehensive Agreement on Investment (CAI) with China, concluded in December 2020. Finally, many governments want certain strategic areas to be more self-sufficient and less dependent on imports. Different scenarios are plausible, ranging from moderate regionalisation (competing blocs) to more marked regionalisation (separate blocs).

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. To this end, on 27 October 2021, the European Commission published a draft transposition of the Basel Accord in the form of amendments to the CRR and CRD;
- 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 have 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, as well as current and future legislative and regulatory developments, may significantly impact the BNP Paribas Group and the financial and economic environment in which it operates.*

Moreover, in this strengthened 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

The BNP Paribas Group is exposed to risks related to climate change, either directly through its own operations or for certain of its assets or indirectly through its financing and investment activities. The main typical risk factors related to climate change are as follows:

- transition risk factors resulting from a change in the behaviour of economic and financial agents in response to the implementation of energy policies or technological changes;
- physical risk factors resulting from the direct impact of climate change on people and property *via* extreme weather events or long-term risks such as rising sea levels or rising temperatures;
- in addition, consequences in terms of liability may arise from these two risk factors. They correspond to potential disputes, claims for compensation, legal proceedings brought against a company, a State or a financial institution that could be held liable by any stakeholder or citizen who has suffered from climate change. In line with international work and in particular that of the Network of Supervisors and Central Banks for the Greening of the Financial System (NGFS), BNP Paribas considers the risks associated with the emergence of legal proceedings related to climate change for companies and investors, including liability risks, as a subset of physical and transition risks.

BNP Paribas monitors the potential impact of these risk factors in the conduct of its business, in that of its counterparties or in its investments on its own behalf or on behalf of third parties. The Group thus integrates these risk factors into its risk management process and gradually strengthens their assessment, as the methodologies for measuring and analysing these factors and their impact on traditional risks, in particular, those relating to credit quality, are developed.

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.

[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".*

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 use of algorithms and artificial intelligence techniques, which are becoming increasingly sophisticated, considerably modifies decision-making and exposes people to risks of a new nature with standardised behaviour that can quickly affect certain markets. The emergence of decentralised finance and digital assets based on distributed ledger technologies (blockchain) are changes that may ultimately have a structural impact on the banking sector.

Furthermore, in this regard, the Group's competitive environment is undergoing profound change, with the presence of fintech, emerging 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.)*. 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.

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 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 health 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 will 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, on a more general basis, adapting its responses 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. Thus, banks must deal with the growing sensitivity of their customers and partners to environmental, social and governance issues.

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 2021

Turkey

Even more so in 2021 than in 2020, macroeconomic uncertainties and the geopolitical context penalised local foreign exchange markets. During the second half of the year, measures to ease monetary conditions while inflationary pressures continued to rage, surprised investors; this, 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 2021, 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 TEB entity had a solvency ratio (Capital Adequacy Ratio – CAR) of 18.05% at 31 December 2021, in excess of the regulatory requirements.

In 2021, TEB Group's balance sheet liquidity remained solid, with a Liquidity Coverage Ratio (LCR) of 196% at 31 December 2021, *versus* 209% at 31 December 2020. With loans outstandings of TRY 106.6 billion and deposits of TRY 131.6 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 2021 represented 1.0% of the Group's total gross commitments, on- and off-balance sheet (see Table 29: *Credit risk exposure by geographic region*). Exposure to Turkish sovereign risk is contained at 1.8% of the banking book's sovereign exposure and is essentially borne by TEB Group.

Others

Geopolitical tensions are palpable in Asia on the Korean peninsula and in the China sea, and remain high in certain other areas, like in the Middle East, with the potential involvement of Western powers to varying degrees. In the Mediterranean, tensions arisen as a result of disputed maritime areas have decreased but not disappeared. 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 aviation, 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 *Exposures, provisions and cost of risk* 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

Unless otherwise indicated, the information and financial elements contained in these risk factors specifically include the activity of BancWest to reflect a prudential vision. They are, therefore, presented excluding the effects of the application of IFRS 5 on groups of assets and liabilities held for sale. This document includes a reconciliation between the operational vision presented excluding the application of IFRS 5 and the consolidated financial statements applying IFRS 5 in chapter 3.

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 2021**	**31 December 2020**
Credit risk	**554**	**527**
Counterparty credit risk	**40**	**41**
Securitisation risk in the banking book	**14**	**14**
Operational risk	**63**	**71**

[1] *In particular the risk factor "5.3 Given the global scope of its activities, the BNP Paribas Group is exposed to country risk and to changes in the political, macroeconomic or financial contexts of a region or country.".*

Market risk	**25**	**25**
Amounts below the thresholds for deduction (subject to 250% risk weight)	**18**	**17**
TOTAL	**714**	**696**

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 material risks specific to the BNP Paribas Group's business, determined based on the circumstances known to the management as of the date of this document, are thus presented below under 7 main categories, in accordance with Article 16 of the UK Prospectus Regulation: 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 2021, the BNP Paribas Group's credit risk exposure broke down as follows: corporates (41%), central governments and central banks (27%), retail customers (25%), credit institutions (4%), other items (2%) and equities (1%). At 31 December 2021, 32% of the BNP Paribas Group's credit exposure was comprised of exposures in France, 16% in Belgium and Luxembourg, 9% in Italy, 19% in other European countries, 13% in North America, 6% in Asia and 5% in the rest of the world. The BNP Paribas Group's risk-weighted assets subject to this type of risk amounted to EUR 554 billion at 31 December 2021, or 78% of the total risk-weighted assets of the BNP Paribas Group, compared to EUR 527 billion at 31 December 2020.

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 2021, is comprised of: 44% to the corporate sector, 19% to governments and central banks, 13% to credit institutions and investment firms, and 24% to clearing houses. By product, BNP Paribas Group's exposure, excluding CVA risk, at 31 December 2021 is comprised of: 51% in OTC derivatives, 33% in repurchase transactions and securities lending/borrowing, 10% in listed derivatives and 6% 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 40 billion at 31 December 2021, representing 6% of the BNP Paribas Group's total risk-weighted assets, compared to EUR 41 billion at 31 December 2020.

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. Securitised exposures are essentially those generated by the BNP Paribas Group. The securitisation positions held or acquired by the BNP Paribas Group may also be categorised by its role: of the positions as at 31 December 2021, BNP Paribas was originator of 50%, was sponsor of 31% and was investor of 19%. The risk-weighted assets subject to this type of risk amounted to EUR 14 billion at 31 December 2021, representing 2% of the BNP Paribas Group's total risk-weighted assets, unchanged compared 31 December 2020.

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 default rate of customers or counterparties increases, the BNP Paribas Group may have to record increased charges or provisions in respect of irrecoverable or doubtful loans (Stage 3) or of performing loans (Stages 1 and 2), in response to a deterioration in economic conditions or other factors, which may affect its profitability.

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 2,925 billion at 31 December 2021, representing 34 basis points of outstanding customer loans (compared with 66 basis points at 31 December 2020 and 39 basis points at 31 December 2019). The significant increase in these provisions in 2020 reflects the economic consequences of the health crisis and is an example of the materialisation of this risk, while their decrease in 2021 is explained by a high base in 2020, a limited number of defaults and write-backs of provisions on performing loans.

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 2021, the ratio of doubtful loans to total loans outstanding was 2.0% and the coverage ratio of these doubtful commitments (net of guarantees received) by provisions was 73.6%, against 2.1% and 71.5%, respectively, as at 31 December 2020. 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 realised, it decreases in value or it 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 the event of the failure of a significant financial market participant such as a central counterparty.

For reference, counterparty risk exposure related to financial institutions was EUR 29 billion at 31 December 2021, or 13% of the BNP Paribas Group's total counterparty risk exposure, and counterparty risk exposure related to clearing houses was EUR 54 billion, or 24% 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 *Legal proceedings and arbitration* to its consolidated financial statements for the period ended 31 December 2021.

Losses resulting from the risks summarised 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 2013 to 2021, BNP Paribas Group's main type of incidents involving operational risk were in "Clients, products and business practices", which represents more than half 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. Process failures, including errors in execution or processing of transactions and external fraud are respectively the second and third types of incidents with the highest financial impact. Between 2013 and 2021, 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 63 billion at 31 December 2021, representing 9% of the BNP Paribas Group's total risk-weighted assets, compared to EUR 71 billion at 31 December 2020.

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 or substantial uncertainty, 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, the development of cloud computing, and more generally the use of new technologies. 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 unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised 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 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 2013-2021 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 the means it uses to market and promote its products and services were to be deemed inconsistent with client interests. The BNP Paribas Group's reputation could also be damaged if, as it increases its client base and the scale of its businesses, its overall procedures and controls dealing with conflicts of interest fail, or appear to fail, to address them properly. Moreover, 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 restatement of, a decline in, or corrections to its 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 14.8% of the BNP Paribas Group's revenue in 2021. 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), 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 2021, representing 3% of the BNP Paribas Group's total risk-weighted assets, compared to EUR 25 billion representing 4% of the total risk-weighted assets at 31 December 2020.

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 in view of benefitting from 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 its positions are not hedged, it might realise 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, and the ECB decisions on dividend distributions. 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.

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 23% of the BNP Paribas Group's total revenues in 2021. 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, the development of index portfolios or the below-market performance by the BNP Paribas Group's mutual funds may lead to reduced revenues from the BNP Paribas Group's asset management business, and increased withdrawals and reduced inflows for these vehicles. A reduced level of revenues from the abovementioned commission and fee-based businesses may have a material adverse impact on the BNP Paribas Group's financial results.

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 2021, 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 683 billion, EUR 9 billion and EUR 46 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 714 billion and EUR 10 billion, respectively, at 31 December 2021. 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. A downward adjustment of the fair value of the BNP Paribas Group's securities and derivatives portfolios may lead to reduced shareholders' equity, and to the extent not offset by opposite changes in the value of the BNP Paribas Group's liabilities, the BNP Paribas Group's capital adequacy ratios may also be lowered. 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

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 euro zone sovereign debt crisis as well as the general macroeconomic environment, at times adversely affected the availability and cost of funding for European banks around ten years ago. 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 during these periods experienced restricted access to wholesale debt markets for institutional investors and to the interbank market, as well as a general increase in their cost of funding. In the context of the health crisis, the European Central Bank ("ECB") also set up refinancing facilities designed to foster the banks' financing of the economy (*Targeted Longer-Term Refinancing Options* or "TLTRO"), on which the BNP Paribas Group has drawn. Such adverse credit market conditions may reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, another sovereign debt crisis, 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. In this case, the effect on the liquidity of the European financial sector in general or 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 14.8% of the BNP Paribas Group's revenue in 2021) 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 *Liquidity risk*, paragraph *Stress tests and liquidity reserve* of the 2021 Universal Registration Document).

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 24 June 2021, 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 negative to stable. On 23 September 2021, Fitch maintained its long-term deposits and senior preferred debt rating for BNP Paribas SA at AA- and F1+ and revised its outlook to stable. 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 29 June 2021, 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 collateralised 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 (32% of the Group's revenues at 31 December 2021), other countries in Europe (45% of the Group's revenues at 31 December 2021) and the rest of the world (23% of the Group's revenues at 31 December 2021, including 5% related to activities of Bank of the West in the United States). A deterioration in economic conditions in the markets in the countries where the BNP Paribas Group operates and in the economic environment could in the future have some or all of the following impacts:

- adverse economic conditions affecting 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 affecting 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 having 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 resulting 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) having a substantial impact on all of the BNP Paribas Group's activities, particularly if the disruption is characterised 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 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, adverse political and geopolitical events such as natural disasters, geopolitical tensions, health risks such as the Covid-19 health crisis and its aftermath, the fear or recurrence of new epidemics or pandemics, acts of terrorism, societal unrest, cyber-attacks, military conflicts or threats thereof and related risks (in particular, the ongoing war in Ukraine and related sanctions), may affect the operating environment for the BNP Paribas Group episodically or for extended periods.

Since 2020, economies and financial markets have been, and should continue in 2022 to 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 pre-dated the health crisis and has been aggravated by it, as well as the strength and staying power of the economic recovery following the crisis' peak, which is itself dependent on a number of factors (see 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*).

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 14.8% of the BNP Paribas Group's revenues in 2021. 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 economic or market declines or other market disruptions, 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 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 Current geopolitical tensions could have an an impact on the BNP Paribas Group and the markets in which it operates.

Current geopolitical tensions, (notably in Eastern Europe, and in particular, the Russian invasion of Ukraine and the reaction of the international community) have had consequences on the financial markets and the general business climate that are significantly unfavourable in the short term and are likely to remain uncertain in the long term). Furthermore, additional political risks directly affecting Europe, general trends in consumer and commodity prices (themselves affected by the above-mentioned factors) characterised by high inflation, corresponding trends in wages, supply chain pressures, the changing economic situation in certain countries or regions that contribute to overall global economic growth, tensions around international trade and the evolution of monetary policy and interest rates are also all factors with potential negative consequences on the financial markets in which the BNP Paribas Group operates. All of these factors could adversely impact the performance of the BNP Paribas Group.

5.3 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. Recent interest rate increases and statements from central banks that further increases are likely could indicate a move to a higher interest rate environment. Should such increases lead to significant consumer and corporate defaults, or to economic uncertainty and instability, it could impact the markets in which the BNP Paribas Group operates and therefore the performance of the BNP Paribas Group could be adversely affected.

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 from 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 characterised 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 46% for the BNP Paribas Group in 2021 (see *Consolidated income statement for 2021, and the IFRS 5 reconciliation table*, in chapter 3). The situation has worsened since 2019 with the introduction of negative rates, particularly on placements by European banks with the ECB. If the low or even negative interest rate environment continues, despite higher inflation and the central banks’ reactions to it, the BNP Paribas Group’s profitability could be affected or even decline. In this respect, central banks have—in 2020 and again in 2021—increased their monetary support in the face of the recession caused by the health crisis of 2020 and 2021. A reduction in these accommodative policies by central banks, particularly in response to increasing inflation, has begun to be implemented by the US Federal Reserve, the Bank of England and the ECB. For example, on March 16, 2022, the US Federal Reserve decided to raise its main benchmark interest rate by 0.25% and now plans to reduce its balance sheet by USD 95 billion per month. In addition, the ECB has indicated that it ended its emergency pandemic purchase programme (EPPP) in March 2022 and that it will cease its targeted longer-term refinancing operations (TLTRO 3) in June 2022. However, despite the increasing level of inflation, the implementation of monetary tightening policies by the ECB could be delayed given the uncertainty resulting from the current economic situation.

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 21,312 million in 2020 and EUR 21,209 million in 2021 respectively. On an indicative basis, over one-, two- and three-year timeframes, the sensitivity of revenues at 31 December 2021 to a parallel, instantaneous and definitive increase in market rates of +50 basis points (+0.5%) across all currencies had an impact of +EUR 127 million, +EUR 537 million and +EUR 694 million, respectively, or +0.3%, +1.2% and +1.5% 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 the normalisation and tightening of monetary policy (as already initiated by some central banks and expected by the market) following the long period of accommodative monetary policies, or more generally, an economic recovery, or inflation at a higher level or lasting longer than expected by central banks, would also carry risks. If market interest rates were to rise generally, 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, because of which the envisaged tightening of monetary policy could be delayed in some currency areas, such as the euro zone, in order to reduce the risk of recession caused by the economic situation and the war in Ukraine. 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 reduction of accommodative monetary policies already initiated by some central banks after a period of substantial liquidity infusions from asset purchases by central banks may, even if implemented progressively, 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.

5.4 Given the global scope of its activities, the BNP Paribas Group is exposed to country risk and to changes in the political, macroeconomic or financial contexts of a region or country.

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 adversely affect the BNP Paribas Group's operations, or its results, or its financial condition, or its business. 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 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 2021, the BNP Paribas Group's loan portfolio consisted of receivables from borrowers located in France (32%), Belgium and Luxembourg (16%), Italy (9%), other European countries (19%), North America, including Bank of the West, (13%), Asia (6%) and the rest of the world (5%). Adverse conditions that particularly affect these countries and regions would have a 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.

In addition, the BNP Paribas Group is present in Ukraine, a country invaded in February 2022 and a war zone since such time, through its subsidiary UkrSibbank in which it holds a 60% stake alongside the European Bank for Reconstruction and Development (40%). At 31 December 2021, UkrSibbank's balance sheet totalled approximately 0.08% of that of the BNP Paribas Group. The total equity of the subsidiary represented approximately 0.15% of consolidated equity of BNP Paribas Group share. At 31 December 2021, the BNP Paribas Group generated less than 0.5% of its pre-tax profit in Ukraine (see section 8.6 *Information on locations and businesses in 2021* in chapter 8 *General information*). The BNP Paribas Group's total gross on- and off-balance sheet exposures to Ukraine (which are concentrated on UkrSibbank) represented less than 0.09% of the Group's gross exposures. The war in Ukraine has profoundly changed the continuing operations of local banks, which—since February 24, 2022—are focused on the provision of payment instruments and services critical to the economy within the framework of the new regulations introduced by the central bank. In this context, the BNP Paribas Group has estimated that as of March 31, 2022, it exerts significant influence over the entity within the meaning of the applicable accounting standards. Consequently, in accordance with applicable accounting standards, the BNP Paribas Group has recorded, as of March 31, 2022, a 90% impairment of its shares amounting to EUR -159 million, as well as a loss of EUR 274 million relating to the recycling of the conversion reserve.

With regard to Russia, which is subject to severe economic sanctions imposed notably by the European Union, USA and UK, gross on- and off- balance sheet exposures represented less than 0.07% of the BNP Paribas Group's gross exposures. The amount of net residual exposures, both in Russia and Ukraine, is more limited given the way in which the Bank operates in these two markets and how it secures its activities, with guarantees and collateral. In addition, various customers or counterparties of the BNP Paribas Group, in particular financial institutions and corporates, conduct business in these countries or have exposure to borrowers in these countries or have significant suppliers in those countries and could see their financial position weakened by the conflict and its consequences, particularly due to the cessation of their business in Ukraine and/or Russia or the reduction or termination (voluntarily, or involuntarily) of their supplies from these countries. The Group is diligently monitoring developments in the situation in conjunction with the authorities concerned and, in particular, the reactions of the international community with regard to economic sanctions.

6. REGULATORY RISKS

6.1 Laws and regulations adopted in recent years, as well as current and future legislative and regulatory developments, may significantly 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 have led, could have led, or 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;
- the implementation of regulatory stress tests (including in relation to climate change risk) which could lead to additional regulatory capital requirements (see *Market Risk Stress Testing Framework* in section 5.7 *Market risk* of the 2021 Universal Registration Document);
- 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, including through the introduction of new disclosure requirements on (i) how banking groups providing asset management services such as the BNP Paribas Group integrate sustainability risks or negative impacts, sustainable investment objectives or the promotion of environmental or social attributes when making investment decisions, and (ii) how and to what extent banking groups themselves finance or develop economic activities that can be considered environmentally sustainable as defined in the European Taxonomy;
- the introduction of new requirements for the integration of climate risk into the risk measurement and management systems of banking groups, including through the publication of proposals for banks to manage and disclose climate risk; 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, pursuant to which the BNP Paribas Group is under the direct supervision of the ECB.

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 967 million contribution to the Single Resolution Fund in 2021).

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 or what their exact content will be, and, given the complexity of the issues and the uncertainty surrounding them, 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 activities, financial condition and operating results. As a recent example on 27 October 2021, the European Commission presented a legislative package to finalise the implementation within the European Union of the Basel III agreement adopted by the Group of Central Governors and Heads of Supervision (GHOS) on 7 December 2017. This legislative package will in the next stage be discussed by the European Parliament and Council with a view to agreeing on a final text. In the impact assessment accompanying the legislative package, the European Commission estimated, on the basis of an EBA impact study dated December 2020 and of additional European Commission estimates for some EU specific adjustments, that the implementation of the final Basel III standards may result in an average increase in total minimum capital requirements ranging between 6.4% and 8.4% after full implementation of the reform. On the basis of the EBA's updated impact analysis taking into account the combined effect of the reform and the potential consequences of the health crisis, the European Commission opted to apply the new capital requirements to EU banks as from 1 January 2025, with a phase-in period during which the requirements will be gradually increased through 2030 (and 2032 for certain requirements). On this basis, the Group has indicated a potential increase of 8% in its risk-weighted assets at the date of the first application announced for 1 January 2025, which implies a potential 8% increase in total minimum capital requirements resulting from the finalisation of Basel 3 (fully loaded). This estimate is subject to change depending on potential changes in the draft text, in the Group and the macroeconomic context.

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. Certain reforms not directed 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.

Finally, the regulatory accommodations implemented temporarily by national and European regulatory authorities in the context of the health crisis have either lapsed or are expected to lapse gradually, although their remaining course is not currently certain (see 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*).

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 summarised in note 7.b *Legal proceedings and arbitration* to its consolidated financial statements for the period ended 31 December 2021. 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 unfavourable 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 recapitalise 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 2021 consisted of the following: EUR 10 billion in hybrid Tier 1 debt, EUR 23 billion in Tier 2 subordinated debt, EUR 70 billion in senior unsecured non-preferred debt, EUR 69 billion in senior unsecured preferred debt and EUR 17 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.

A global pandemic linked to a novel strain of coronavirus (Covid-19) has severely disrupted economies and financial markets worldwide since 2020. The introduction of lockdown measures and other restrictions initially caused economies in many regions to contract, trade to decline, production capacity to decrease, growth forecasts to be cut and supply chains to be disrupted. In a second phase, the roll-out of vaccination campaigns and the adaptation of economic actors allowed the gradual adaptation of these measures and restrictions, leading to a recovery in economic activity. As a result, various growth forecasts converge on a strong economic recovery. For example, according to the IMF's January 2022 estimates and projections, world economic growth is expected to be 5.9% in 2021 and 4.4% in 2022.

Nevertheless, uncertainties remain as to the strength and sustainability of the recovery, both in terms of the public health situation (*e.g.*, the appearance of new strains of the virus) and the economy which could lead to doubts as to the extent and durability of the recovery. In this respect, the outlook for 2022 was lowered for both emerging and developing countries, as well as for advanced countries, compared to the IMF projections published in October 2021.

Various complicating factors will affect the trajectory of economic recovery. International supply chains – which had been strained severely by the pandemic – related mobility restrictions – remain heavily disrupted, generating shortages of certain consumer goods (such as a dearth of semiconductors causing delays in the production of telephones and automobiles) and oil and gas supply and labour market constraints, having both specific (*e.g.* raw materials price increases) and general (*i.e.* inflation rate) effects on prices.

Further, while various governments and central banks implemented and supplemented measures to support the economy and its recovery – in order to mitigate the adverse economic and market consequences of the pandemic – there can be no assurance that such measures will suffice to redress the pandemic's negative impact on the regional or global economy over time, entirely compensate for or mitigate regional or global recessions (which occurred and could recur), or fully and over time prevent possible disruptions to the financial markets. The lifting of government support measures could also harm economic activity and the financial strength of economic actors. Overall, the crisis has impacted and may continue to impact the economies of the principal countries where the BNP Paribas Group operates, particularly its Domestic Markets (France, Italy, Belgium and Luxembourg), which collectively represented 57% of its total gross credit exposures as of 31 December 2021. The Group's results and financial condition have been and could continue to be adversely impacted by the effects of the crisis related to the pandemic and the resulting disruption of economic activity in the Group's principal markets. In particular, the crisis significantly affected the Group's cost of risk in 2020, reflecting macroeconomic projections based on various scenarios applying the framework in place prior to the crisis. Under this framework, macroeconomic projections – specifically GDP estimates and forecasts – are key to calculating the cost of risk, and the consequences of the health crisis included a decrease in GDP growth estimates for many of the Group's markets. The cost of risk calculation also takes into account the specific dynamics of the crisis in 2020, along with anticipated future impacts on credit and counterparty risk, including the consequences of lockdown measures on economic activity and the impact of government support measures and decisions. These factors contributed to the substantial increase in the Group's cost of risk in 2020 (66 basis points).

The 2021 financial year showed an improvement with an increase in revenues of 4.4% to EUR 46,235 billion and an increase in net income attributable to the Group, due to the increase in Domestic Markets revenues (+5.2% compared to 2020) with the rebound of the economy and the resilience of CIB revenues (+3.4% compared to 2020), but also by the decrease in the cost of risk (-48.8% compared to 2020), particularly in connection with improving economic forecasts. Nevertheless, revenues in the International Financial Services businesses remain impacted by the consequences of the health crisis (-1.2% compared 2020).

However, developments in the current health crisis and market conditions have characteristics that 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) prolongation of the low interest rate environment and (b) lower revenues from fees and commissions; ii) renewed heightened risk linked to a an economic slowdown due to inflationary pressures (energy prices, labour market tensions), supply chain disruption or withdrawal of government support measures; iii) risk of financial market disruption in the event of poorly anticipated changes in monetary policies and iv) higher risk-weighted assets due to the deterioration of risk parameters, hence affecting the Group's capital position.

The Group's results and financial condition could also be harmed by negative trends in the financial markets, to the extent that the pandemic initially caused extreme market conditions (volatility spikes, a sharp drop in equity markets, tensions on spreads, specific asset markets on hold, *etc.*). Uncertainties about the scope and durability of the economic recovery, the easing or strengthening of government support measures, and the pressures linked to supply chains and raw material procurement have generated and could generate unfavourable market conditions. Thus, unfavourable market conditions have had and could have an adverse impact on the Group's market activities, which accounted for 14.8% of its consolidated revenues in 2021, resulting in trading or other market-related losses, as seen in 2020, following restrictions implemented on short-selling and dividend distributions (notably EUR 184 million in the first quarter of 2020 related to the European authorities' restrictions on 2019 dividends). Further, certain of the Group's investment portfolios (for example, in its insurance subsidiaries) are accounted for on a mark-to-market basis and were impacted by adverse market conditions, particularly in the second quarter of 2020 and could continue to be impacted again in the future.

The extent to which the short, medium and long-term economic consequences of the pandemic will continue to affect the Group's results and financial condition will indeed depend largely on i) the intensity and duration of restrictive measures that have been put in place or their periodic reintroduction, depending on the evolution of the health situation, 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 or the terms and conditions for lifting these measures 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 or strengthening of lockdown measures or other restrictions, such as in relation to travel, in the Group's various markets, as well as the pace and mechanisms of deployment of immunisation programmes. In addition, while the actions of European Union and member states' authorities (in particular, central banks and governments) in response to the pandemic have to date helped and may well continue to help attenuate its adverse economic and market consequences, the authorities have also issued and may continue to issue additional restrictions or recommendations in respect of banks' actions. In particular, in 2020 and 2021 they limited banks' flexibility in managing their business and taking action in relation to capital distribution, capital allocation and compensation policies.

Due to the unprecedented environment generated by the Covid-19 crisis, various pandemic-related uncertainties around public health, society and the economy, persist. The consequences for the Group will depend on the duration of the impact of the crisis, the measures taken by governments and central banks, and the ability of society to recover, and are therefore difficult to predict.

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 connection with its annual results announced on 8 February 2022, the BNP Paribas Group announced a strategic plan for the 2022-2025 period. The plan includes financial and operational objectives, on a constant scope basis, as well as the expected impact of the redeployment of proceeds from the sale of Bank of the West, after adjusting for the dilution effect of the disposal on the Group's results. 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. In 2021, BNP Paribas strengthened its commitment to a sustainable economy and accelerated decarbonisation strategies, with the signing of the Net Zero Banking Alliance, the Net Zero Asset Owner Alliance, and the Net Zero Asset Manager initiative. 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). As part of the Group's 2022-2025 strategic plan, it aims to mobilise EUR 350 billion in ESG-related loans and bond issuances (loans to companies, institutionals and individuals covering environmental and social issues and annual sustainable bonds issuances) and to have EUR 300 billion in sustainable responsible investments under management by 2025 (BNP Paribas Asset Management European open funds classified open Articles 8 and 9 as defined by SFDR). If the Group fails to meet these targets, which depend in part on factors beyond its control, its reputation could be harmed.

7.3 The BNP Paribas Group may experience difficulties integrating businesses following acquisition transactions and may be unable to realise 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 integration of the Group's Prime Services and Electronic Equities platform of Deutsche Bank in 2019, the acquisition of 100% of Exane, previously 50% owned by BNP Paribas, finalised on 13 July 2021, and the acquisition of 100% of Floa, a subsidiary of Casino and Crédit Mutuel Alliance Fédérale (*via* the Banque Fédérative du Crédit Mutuel – BFCM) and one of the French leaders in innovative payments, finalised on 1 February 2022. These operational integration activities resulted, in 2021, in restructuring costs of EUR 164 million. 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. In the event that the BNP Paribas Group is unable to conduct comprehensive due diligence prior to an acquisition, it may acquire doubtful or troubled assets or businesses that may be unprofitable or have certain potential risks that only materialise after the acquisition. The acquisition of an unprofitable business or a business with materialised risks may have a significant adverse effect on the BNP Paribas Group's overall profitability and may increase its liabilities.

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 or Floa, 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. New technologies that facilitate or transform transaction processes and payment systems, such as blockchain technologies and related services, or that could significantly impact the fundamental mechanisms of the banking system, such as central bank digital currencies, have been developed in recent years or could be developed in the near future. While it is difficult to predict the effects of these developments and the regulations that apply to them, the use of such technology could nevertheless reduce the market share of banks, including the BNP Paribas Group, secure investments that otherwise would have used technology used by more established financial institutions, such as the BNP Paribas Group or, more broadly, lead to the emergence of a different monetary system in which the attractiveness of using established financial institutions such as the BNP Paribas Group would be affected. If such developments continue to gain momentum, particularly with the support of governments and central banks, 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 or if some of these activities were to be carried out by institutions other than banks, 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 that new players may not be subject to 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 is thus taking strong positions, as a founding member of the United Nations Principles for Responsible Banking, which commits it to aligning its strategy with the Paris Agreement and the Sustainable Development Goals (SDGs). As part of the Group's 2022-2025 strategic plan, it aims to mobilise EUR 350 billion in ESG-related loans and bond issuances (loans to companies, institutionals and individuals covering environmental and social issues and annual sustainable bonds issuances) and to have EUR 300 billion in sustainable responsible investments under management by 2025 (BNP Paribas Asset Management European open funds classified in Articles 8 and 9 as defined by SFDR). 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.

Certain classes of assets may carry a high 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 carrying a risk-weight of 250% amounted to EUR 18 billion at 31 December 2021, or 2% of the total risk-weighted assets of the BNP Paribas Group. If the BNP Paribas Group increases the amount of heavy risk-weighted assets (either by increasing the proportion of such heavy risk-weighted assets in its overall asset portfolio or due to an increase of the regulatory risk-weighting applicable to these assets), its capital adequacy ratios may be lowered.

FORWARD-LOOKING STATEMENTS

This Universal Registration Document contains forward-looking statements. Statements that are not historical facts, including statements about BNP Paribas or the BNP Paribas Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Save as required by the UK Prospectus Regulation Rules, the Listing Rules and the Disclosure and Transparency Rules as set out in the Financial Conduct Authority's Handbook, BNP Paribas and the BNP Paribas Group undertake no obligation to update publicly any of them in light of new information or future events.

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.l 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 BancWest entities covered by the agreement with BMO financial group are fully consolidated without the application of IFRS5 (see note 7.d *Discontinued activities* to the consolidated financial statements).

The differences between the accounting and prudential scopes of consolidation are summarised in the table below.

➤ TABLE 7: DIFFERENCES BETWEEN THE ACCOUNTING AND PRUDENTIAL SCOPES (EU LI3)

	31 December 2021					
		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

						31 December 2021
		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**
Collective investment funds(**)	Full consolidation				x	Asset management
Bantas Nakit AS	Equity method		x			Retail Banking
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			Securities custody
Union de Creditos Inmobiliarios SA	Equity method		x			Specialised loans
United Partnership	Equity method		x			Specialised loans
Fonds Commun de Créances UCI et RMBS Prado	Equity method		x			Specialised loans
Zhejiang Wisdom Puhua Financial Leasing Co Ltd	Equity method		x			Specialised loans

(*) The subsidiaries of BNP Paribas Cardif, BNP Paribas Real Estate and Arval are identified in the scope of consolidation in the note to the consolidated financial statements 7.I (reference 2).

(**) The collective placement funds are identified in the scope of consolidation in the note to the consolidated financial statements 7.I (reference 4).

The table below shows the restatements between the accounting and prudential scopes of consolidation for each balance sheet item.

➤ TABLE 8: CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION (EU LI1-A/EU CC2)

	31 December 2021						
In millions of euros	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	FinRep prudential scope	Adjustment related to the impact of IFRS 5(**)	Prudential scope	Reference to capital table (see Appendix 2)
ASSETS							
Cash and amounts due from central banks	347,883	-	636	348,519	14,654	363,173	
Financial instruments at fair value through profit or loss							
Securities	191,507	547	466	192,520	628	193,148	
of which own funds instruments in credit or financial institutions more than 10%-owned	*417*	*547*	-	*964*	-	*964*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*2,315*	-	-	*2,315*	*24*	*2,339*	*2*
Loans and repurchase agreements	249,808	2,970	(275)	252,503	33	252,536	
Derivative financial instruments	240,423	654	(137)	240,940	202	241,142	
Derivatives used for hedging purposes	8,680	(48)	(13)	8,619	33	8,652	
Financial assets at fair value through equity							
Debt securities	38,906	2,691	-	41,597	5,009	46,606	
of which own funds instruments in credit or financial institutions more than 10%-owned	-	*2,690*	-	*2,690*	-	*2,690*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*10*	-	-	*10*	-	*10*	*2*
Equity securities	2,558	-	-	2,558	-	2,558	
of which own funds instruments in credit or financial institutions more than 10%-owned	*842*	-	-	*842*	-	*842*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*1,096*	-	-	*1,096*	-	*1,096*	*2*
Financial assets at amortised cost							
Loans and advances to credit institutions	21,751	-	183	21,934	52	21,986	
of which own funds instruments in credit or financial institutions more than 10%-owned	*229*	-	*(53)*	*177*	-	*177*	*1*

In millions of euros							31 December 2021
	Accounting scope	**Adjustment of insurance companies**	**Other adjustments related to consolidation methods(*)**	**FinRep prudential scope**	**Adjustment related to the impact of IFRS 5(**)**	**Prudential scope**	**Reference to capital table (see Appendix 2)**
of which own funds instruments in credit or financial institutions less than 10%-owned	*-*	*-*	*-*	*-*	*-*	*-*	*2*
Loans and advances to customers	814,000	3,863	28,786	846,649	50,054	896,703	
of which own funds instruments in credit or financial institutions more than 10%-owned	*104*	*25*	*(104)*	*25*	*-*	*25*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*334*	*-*	*-*	*334*	*-*	*334*	*2*
Debt securities	108,510	-	869	109,379	15,669	125,048	
of which own funds instruments in credit or financial institutions more than 10%-owned	*100*	*-*	*-*	*100*	*-*	*100*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*71*	*-*	*-*	*71*	*-*	*71*	*2*
Remeasurement adjustment on interest-rate risk hedged portfolios	3,005	-	44	3,049	-	3,049	
Financial investments of insurance activities	280,766	(280,766)	-	-	-	-	
Current and deferred tax assets	5,866	(22)	(53)	5,791	234	6,025	
Accrued income and other assets	179,123	(3,997)	(3,264)	171,862	1,501	173,363	
Equity-method investments	6,528	5,577	2,719	14,824	-	14,824	
of which investments in credit or financial institutions	*5,970*	*5,350*	*(483)*	*10,837*	*-*	*10,837*	*1*
of which goodwill	*433*	*222*	*881*	*1,536*	*-*	*1,536*	*3*
Property, plant and equipment and investment property	35,083	(495)	(24,281)	10,307	428	10,735	
Intangible assets	3,659	(231)	(119)	3,309	237	3,546	
of which intangible assets excluding mortgage servicing rights	*3,659*	*(231)*	*(119)*	*3,309*	*211*	*3,520*	*3*
Goodwill	5,121	(222)	(881)	4,018	2,533	6,551	3
Assets held for sale(****)	91,267	-	-	91,267	(91,267)	-	
TOTAL ASSETS	**2,634,444**	**(269,479)**	**4,680**	**2,369,645**	**-**	**2,369,645**	
LIABILITIES							
Deposits from central banks	1,244	-	-	1,244	-	1,244	
Financial instruments at fair value through profit or loss	-	-	-	-	-	-	

	31 December 2021						
In millions of euros	**Accounting scope**	**Adjustment of insurance companies**	**Other adjustments related to consolidation methods(*)**	**FinRep prudential scope**	**Adjustment related to the impact of IFRS 5(**)**	**Prudential scope**	**Reference to capital table (see Appendix 2)**
Securities	112,338	-	-	112,338	-	112,338	
Deposits and repurchase agreements	293,456	-	-	293,456	-	293,456	
Issued debt securities	70,383	(6,305)	(134)	63,944	-	63,944	
of which liabilities qualifying for Tier 1 capital	*205*	*-*	*-*	*205*	*-*	*205*	*4*
of which liabilities qualifying for Tier 2 capital	*40*	*-*	*-*	*40*	*-*	*40*	*5*
Derivative financial instruments	237,397	517	(135)	237,779	277	238,056	
Derivatives used for hedging purposes	10,076	(2)	137	10,211	58	10,269	
Financial liabilities at amortised cost	-	-	-	-	-	-	
Deposit from credit institutions	165,699	(6,394)	63	159,368	145	159,513	
Deposit from customers	957,684	1,190	8,089	966,963	72,639	1,039,602	
Debt securities	149,723	1,241	424	151,388	258	151,646	
Subordinated debt	24,720	(1,772)	1	22,949	-	22,949	
of which liabilities qualifying for Tier 1 capital(**)	-	-	-	-	-	-	*4*
of which liabilities qualifying for Tier 2 capital(***)	*22,379*	-	-	*22,379*	-	*22,379*	*5*
Remeasurement adjustment on interest-rate risk hedged portfolios	1,367	-	-	1,367	-	1,367	
Current and deferred tax liabilities	3,103	92	(354)	2,841	29	2,870	
Accrued expenses and other liabilities	145,399	(2,624)	(3,135)	139,640	791	140,431	
Technical reserves and other insurance liabilities	254,795	(254,795)	-	-	-	-	
Provisions for contingencies and charges	10,187	(494)	(276)	9,417	169	9,586	
Liabilities associated with assets held for sale(****)	74,366	-	-	74,366	(74,366)	-	
TOTAL LIABILITIES	**2,511,937**	**(269,346)**	**4,680**	**2,247,271**	**-**	**2,247,271**	
EQUITY	-	-	-	-	-	-	
Share capital, additional paid-in capital and retained earnings	*108,176*	*4*	*1*	*108,181*	*-*	*108,181*	*6*
Net income Group share for the period	*9,488*	*-*	*-*	*9,488*	*-*	*9,488*	*7*
Total capital, retained earnings and net income Group share for the period	**117,664**	**4**	**1**	**117,669**	**-**	**117,669**	
Changes in assets and liabilities recognised directly in equity	*222*	*(6)*	*-*	*216*	*-*	*216*	

In millions of euros	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	FinRep prudential scope	Adjustment related to the impact of IFRS 5(**)	Prudential scope	Reference to capital table (see Appendix 2)
	31 December 2021						
Shareholders' equity	**117,886**	**(2)**	**1**	**117,885**	**-**	**117,885**	
Minority interests	**4,621**	**(134)**	**-**	**4,487**	**-**	**4,487**	**8**
TOTAL CONSOLIDATED EQUITY	**122,507**	**(133)**	**-**	**122,374**	**-**	**122,374**	
TOTAL LIABILITIES AND EQUITY	**2,634,444**	**(269,479)**	**4,680**	**2,369,645**	**-**	**2,369,645**	

(*) Adjustment of jointly controlled entities under proportional consolidation for prudential scope, which are consolidated using the equity method within the accounting 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.

(**) Debt eligible as Tier 1 capital is recognised in equity.

(***) Debt eligible as Tier 2 capital is presented at its notional value (excluding accrued interest and revaluation of the hedged component).

(****) See note 7d to the consolidated financial statements.

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 2020				
ASSETS					
Cash and amounts due from 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	

	31 December 2020				
In millions of euros	**Accounting scope**	**Adjustment of insurance companies**	**Other adjustments related to consolidation methods(*)**	**Prudential scope**	**Reference – capital table (see Appendix 2)**
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*

In millions of euros	31 December 2020 Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference – capital table (see Appendix 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**	
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	

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 2020				
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 Group share for the period	*7,067*	*-*	*-*	*7,067*	*7*
Total capital, retained earnings and net income Group share for the period	**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	**4,551**	**(132)**	**-**	**4,419**	**8**
TOTAL CONSOLIDATED 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 purposes, which are consolidated using the equity method within the accounting 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.

(**) Debt eligible as Tier 1 capital is recognised in equity.

(***) Debt eligible as Tier 2 capital is presented at its notional value (excluding accrued interest and revaluation of the hedged component).

The following table shows the breakdown of the different categories of assets and liabilities recognised on the Bank's prudential 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 9: PRUDENTIAL BALANCE SHEET BY RISK TYPE (EU LI1-B)

						31 December 2021
	Net carrying values: prudential scope	Items subject to:				Not subject to capital requirements or deducted from capital
In millions of euros		credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	
ASSETS						
Cash and amounts due from central banks	363,173	363,173	-	-	-	-
Financial instruments at fair value through profit or loss						
Securities	193,148	11,512	7,383	150	180,919	567
Loans and repurchase agreements	252,536	2,322	243,848	-	249,911	-
Derivative financial instruments	241,142	-	241,142	-	240,053	-
Derivatives used for hedging purposes	8,652	-	8,652	-	-	-
Financial assets at fair value through equity	49,164	45,636	317	750	-	2,778
Financial assets at amortised cost						
Loans and advances to credit institutions	21,986	18,948	2,861	-	-	177
Loans and advances to customers	896,703	819,323	33,540	40,847	-	2,994
Debt securities	125,048	112,165	1,371	11,075	-	1,808
Remeasurement adjustment on interest-rate risk hedged portfolios	3,049	-	-	-	-	3,049
Current and deferred tax assets	6,025	5,676	-	-	-	349
Accrued income and other assets	173,363	29,503	129,644	-	12,886	3,582
Equity-method investments	14,824	13,288	-	-	-	1,536
Property, plant and equipment and investment property	10,735	10,258	-	-	-	477
Intangible assets	3,546	1,308	-	-	-	2,238
Goodwill	6,551	-	-	-	-	6,551
Assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**2,369,645**	**1,433,112**	**668,758**	**52,822**	**683,769**	**26,106**
LIABILITIES						
Deposits from central banks	1,244	-	-	-	-	1,244
Financial instruments at fair value through profit or loss						
Securities	112,338	-	-	-	112,338	-
Deposits and repurchase agreements	293,456	-	289,807	-	289,804	3,649
Issued debt securities	63,944	-	-	-	-	63,944
Derivative financial instruments	238,056	-	238,056	-	236,267	-
Derivatives used for hedging purposes	10,269	-	10,269	-	-	-

						31 December 2021
		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
Financial liabilities at amortised cost						
Deposit from credit institutions	159,513	-	2,900	-	-	156,613
Deposit from customers	1,039,602	-	637	-	-	1,038,965
Debt securities	151,646	-	-	-	-	151,646
Subordinated debt	22,949	-	-	-	-	22,949
Remeasurement adjustment on interest-rate risk hedged portfolios	1,367	-	-	-	-	1,367
Current and deferred tax liabilities	2,870	-	-	-	-	2,870
Accrued expenses and other liabilities	140,431	-	99,390	-	1,042	41,255
Provisions for contingencies and charges	9,586	1,002	-	-	-	8,584
Liabilities associated with assets held for sale	-	-	-	-	-	-
TOTAL LIABILITIES	**2,247,271**	**1,002**	**641,059**	**-**	**639,451**	**1,493,086**
TOTAL CONSOLIDATED EQUITY	**122,374**	**-**	**-**	**-**	**-**	**122,374**
TOTAL LIABILITIES AND EQUITY	**2,369,645**	**1,002**	**641,059**	**-**	**639,451**	**1,615,460**

						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 amounts due from 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

						31 December 2020
	Net carrying values: prudential scope	Items subject to:				Not subject to capital requirements or deducted from capital
In millions of euros		credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	
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**
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 CONSOLIDATED EQUITY	**117,215**					**117,215**
TOTAL LIABILITIES AND EQUITY	**2,240,048**	**962**	**648,618**		**663,021**	**1,494,843**

The following table shows the main differences between the amounts of accounting exposure on the prudential 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 carrying value of the assets and liabilities subject to market risk.

➤ TABLE 10: RECONCILIATION BETWEEN NET CARRYING VALUES UNDER THE PRUDENTIAL SCOPE AND THE EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EU LI2)

	31 December 2021			
In millions of euros	**Credit risk framework**	**Counterparty credit risk framework**	**Securitisation framework**	**Market risk framework**
ASSET NET CARRYING VALUE	**1,433,112**	**668,758**	**52,822**	**683,769**
Liabilities net carrying value		(641,059)		
Off-balance-sheet exposures amounts net of depreciation	454,152		18,746	
Credit risk depreciation amounts	21,631		64	
Amounts below the thresholds for deduction from capital (subject to 250% risk-weight)(*)	(7,066)			
Differences in valuations due to the use of internal models(**)		200,135		
Other adjustments	9,234			
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES	**1,911,063**	**227,833**	**71,632**	

(*) 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 2020			
In millions of euros	**Credit risk framework**	**Counterparty credit risk framework**	**Securitisation framework**	**Market risk framework**
ASSET NET CARRYING VALUE	**1,326,570**	**671,470**	**48,300**	**691,301**
Liabilities net carrying value		(648,618)		
Off-balance-sheet exposures amounts net of depreciation	451,865		18,094	
Credit risk depreciation amounts	22,753		64	
Amounts below the thresholds for deduction from capital (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.

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

Agregate information on the risk-weighted assets of BNP Paribas' significant subgroups and subsidiaries are given as Group contribution 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 2021:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BNP Paribas USA Inc[1];
- BancWest Holding Inc[2];
- BNP Paribas Personal Finance;
- BGL BNP Paribas.

The risk-weighted assets reported correspond to the sub-consolidation scope of the six sub-groups. Thus, BGL BNP Paribas and BancWest Holding Inc subgroups are also included in BNP Paribas Fortis and BNP Paribas USA Inc. subgroups respectively.

The significant restrictions relating to the Group's ability to transfer cash within the entities are described in note 7.g *Significant restrictions in subsidiaries, joint ventures and associates* of the consolidated financial statements.

Subsidiaries whose prudential requirements are supervised as part of the consolidated supervision of BNP Paribas SA, in accordance with Article 7.1 of Regulation (EU) No. 575/2013, are identified in the scope of consolidation in note 7l to the consolidated financial statements, under reference (1).

Compliance with capital requirements at the individual level of each entity that does not have an exemption is verified at the level of their respective division or business line. As of 31 December 2021, among the regulated entities below the Group's consolidation thresholds, only one had a level of capital that was not material for an amount below the regulatory level.

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.

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[1] *Since 1 July 2016, BNP Paribas USA, Inc. has been the Group's intermediate holding company for its US subsidiaries.*

[2] *On 18 December 2021, BNP Paribas concluded an agreement with BMO financial group for the sale of 100% of its retail and commercial banking activities in the United States operated by the BancWest Holding Inc group (see regulatory ratios).*

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.

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;
- negative difference between the amount of the provision recognised for each non-performing exposure and the minimum provisioning level as defined in Article 47c of Regulation (EU) No. 2019/630;
- securitisation tranches for which the Group has opted for the own funds deduction instead of a 1,250% weighting.

Treasury shares held or granted a buy-back authorisation are deducted from this category.

➤ TABLE 11: TRANSITION FROM CONSOLIDATED EQUITY TO COMMON EQUITY TIER 1 (CET1) CAPITAL

In millions of euros	31 December 2021	31 December 2020(*)
Consolidated equity	**122,374**	**117,215**
Undated Super Subordinated Notes ineligible in CET1	(9,207)	(9,948)
Proposed distribution of dividends(*)	(4,527)	(3,307)
Ineligible minority interests	(2,872)	(2,735)
Changes in the fair value of hedging instruments recognised directly in equity	(978)	(1,440)
Additional value adjustments linked to prudent valuation requirements	(1,608)	(1,399)
Goodwill and other intangible assets	(10,091)	(10,039)
Net deferred tax assets arising from tax loss carry-forwards	(299)	(385)
Negative amounts resulting from the calculation of expected losses	(351)	(333)
Other prudential adjustments	(464)	1,138
COMMON EQUITY TIER 1 (CET1) CAPITAL	**91,976**	**88,767**

(*) At 31 December 2020, the proposed distribution of dividends takes into account the additional dividend of EUR 1.9 billion. This amount is reported in line "27.a Other regulatory adjustments" in Appendix 2 in accordance to the entry into force of Commission Implementing Regulation (EU) No. 2021/637 on 28 June 2021.

The table below shows the calculation of value adjustments applied to instruments measured at fair value, related to the prudent valuation requirements subject to a deduction from Common Equity Tier 1 capital.

➤ TABLE 12: VALUE ADJUSTMENTS RELATED TO PRUDENT VALUATION (PVA) (EU PV1)

										31 December 2021
	Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification		
In millions of euros	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Market price uncertainty	634	214	39	58	33	177	115	548	299	249
Close-out cost	384	193	123	97	27	12	-	280	244	36
Concentrated positions	162	106	31	20	2	-	-	320	253	67
Early termination	178	1	-	1		-	-	181	181	-
Model risk	112	99	21	35	2	151	-	116	116	
Operational risk	-	-	-	-	-	-	-	-	-	-
Future administrative costs	69	50	17	27	-	-	-	163	163	-
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVAS)								**1,608**	**1,256**	**352**

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.

Composition and evolution of regulatory capital

The detail of regulatory capital regulatory adjustments is presented in Appendix 2 *Regulatory capital – Detail*.

[1] *Subject to authorisation by the supervisor.*

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/en/search/debt/documents

➤ TABLE 13: REGULATORY CAPITAL

In millions of euros	31 March 2022	31 December 2021
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	26,236	26,236
of which ordinary shares	*26,236*	*26,236*
Retained earnings	77,479	72,913
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	585	454
Minority interests (amount allowed in consolidated CET1)	1,605	1,618
Independently reviewed interim profits net of any foreseeable charge or dividend	1,016	4,543
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**106,921**	**105,763**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**(14,864)**	**(13,787)**
COMMON EQUITY TIER 1 (CET1) CAPITAL	**92,057**	**91,976**
Additional Tier 1 (AT1) capital: instruments(*)	**8,913**	**8,766**
Additional Tier 1 (AT1) capital: regulatory adjustments	**(492)**	**(487)**
ADDITIONAL TIER 1 (AT1) CAPITAL (*)	**8,421**	**8,280**
TIER 1 CAPITAL (T1 = CET1 + AT1) (*)	**100,478**	**100,255**
Tier 2 (T2) capital: instruments and provisions(*)	**22,241**	**20,683**
Tier 2 (T2) capital: regulatory adjustments	**(3,450)**	**(3,681)**
TIER 2 (T2) CAPITAL (*)	**18,792**	**17,001**
TOTAL CAPITAL (TC = T1 + T2) (*)	**119,270**	**117,256**

(*) In accordance with the eligibility rules for grandfathered debt in additional Tier1 capital and Tier2 capital applicable.

Excluding first quarter results, CET1 capital amounts to EUR 91,109 million, Tier 1 capital to EUR 99,530 million and total capital to EUR 118,322 million at 31 March 2022.

➤ TABLE 14: CHANGE IN REGULATORY CAPITAL

In millions of euros	31 December 2021
COMMON EQUITY TIER 1 (CET1) CAPITAL	
31 December 2020	**88,767**
Common Equity Tier 1 capital: instruments and reserves	**2,330**
Capital instruments and the related share premium accounts	(897)
of which ordinary shares	*(897)*
Retained earnings	(1,955)
Accumulated other comprehensive income	706
Minority interests (amounts allowed in consolidated CET1)	(66)
Independently reviewed interim profits net of any foreseeable charge or dividend	4,543
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**880**
of which additional value adjustments	*(209)*
of which intangible assets	*(52)*
of which net deferred tax assets depending on future profits excluding these arising from temporary differences	*86*
of which fair value reserves related to gains or losses on cash flow hedges	*462*
of which negative amounts resulting from the calculation of expected loss amounts	-
of which gains or losses on liabilities valued at fair value resulting from changes in own credit standing	*(36)*
of which securitisation positions deducted from own funds	*(33)*
of which regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-
of which other adjustments	*662*
31 December 2021	**91,976**
ADDITIONAL TIER 1 CAPITAL	
31 December 2020	**10,040**
Additional Tier 1 (AT1) capital: instruments	**(1,758)**
Additional Tier 1 (AT1) capital: regulatory adjustments	**(2)**
Loans to credit or financial institutions more than 10%-owned	-
Others	(2)
31 December 2021	**8,280**
TIER 2 CAPITAL	
31 December 2020	**15,024**
Tier 2 (T2) capital: instruments and provisions	**1,688**
Tier 2 (T2) capital: regulatory adjustments	**290**
Loans to credit or financial institutions more than 10%-owned	28
Others	262
31 December 2021	**17,001**

➤ TABLE 15: CHANGE IN ELIGIBLE DEBT

In millions of euros	Tier 1	Tier 2
1 January 2021	**10,226**	**18,621**
New issues	1,026	4,034
Redemptions	(1,841)	(1,679)
Prudential discount	-	(1,120)
Others	(968)	542
31 December 2021	**8,443**	**20,398**

Transitional arrangements relating to regulatory capital

Under Regulation (EU) No. 575/2013 (CRR), the calculation methods introduced by Basel 3 was implemented gradually until 1 January 2022. Since 2019, items still subject to these transitional arrangements were subordinated debt issued prior to 31 December 2011, eligible under prior regulations but not eligible under Basel 3, to which a declining eligibility threshold applied. The impact of these arrangements is set out in lines 80 to 85 of Appendix 2 *Regulatory capital – Detail*. These transitional arrangements expired on 1 January 2022, and the instruments concerned (EUR 1.7 billion of Tier 1 capital instruments and EUR 29 million of Tier 2 capital instruments as at 31 December 2020) were all called before 31 December 2021, with the exception of a Tier 1 instrument which lost its prudential value of EUR 205 million on 1 January 2022.

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 category less subordinated, for a transitional period that may extend up to 2025. A Tier 2 capital instrument of EUR 31 million lost its eligibility on 1 January 2022, as issued by an *ad hoc* entity (Article 63(a) CRR). In addition, the stock of equity instruments, at 31 December 2021, eligible for the transitional arrangements in force until June 2025 because they were issued under the law of countries outside the European Union without a bail-in clause (Articles 52(1)(p) and 63(n) CRR), is EUR 750 million of Tier 1 capital instruments and EUR 5.3 billion of Tier 2 capital instruments.

The details of the instruments concerned by these transitional provisions, describing their eligibility period and the main characteristics in relation to the CRR/CRR 2 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/en/search/debt/documents

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 article 473a.

➤ TABLE 16: EFFECT OF THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 ACCOUNTING STANDARD (EU IFRS9-FL)

	In millions of euros	31 March 2022	31 December 2021
Available capital			
1	Common Equity Tier 1 (CET1) capital	92,057	88,767
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	91,775	87,732
3	Tier 1 capital	100,478	98,806
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	100,196	97,772
5	Total capital	119,270	113,830
6	Total capital as if IFRS 9 transitional arrangements had not been applied	119,242	113,511
Risk-weighted assets			
7	Risk-weighted assets	745,284	695,523
8	Risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	745,500	695,916
Capital ratios			
9	Common Equity Tier 1 (CET1) capital	12.35%	12.76%
10	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	12.31%	12.61%
11	Tier 1 capital	13.48%	14.21%
12	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	13.44%	14.05%
13	Total capital	16.00%	16.37%
14	Total capital as if IFRS 9 transitional arrangements had not been applied	15.99%	16.31%
Leverage ratio			
15	Leverage ratio total exposure measure	2,668,847	1,998,414
16	Leverage ratio	3.76%	4.94%
17	Leverage ratio as if IFRS 9 transitional arrangements had not been applied	3.75%	4.89%

The Group does not apply the provisions on the temporary treatment of unrealised gains and losses on financial instruments at fair value through equity issued by central or regional governments and local authorities, as defined in article 468 of Regulation (EU) No. 2020/873.

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 17: OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS (EU OV1)

		RWAs		Capital requirements
	In millions of euros	**31 March 2022**	**31 December 2021**	**31 March 2022**
1	**Credit risk**	**574,470**	**553,861**	**45,958**
2	Of which the standardised approach	213,179	205,747	17,054
EU 4a	Of which: equities under the simple weighting approach	47,091	50,025	3,767
5	Of which the advanced IRB (A-IRB) approach	314,201	298,089	25,136
6	**Counterparty credit risk**	**46,681**	**40,437**	**3,734**
7	Of which SACCR (derivatives)	1,321	2,238	106
8	Of which internal model method (IMM)	36,412	31,629	2,913
EU 8a	Of which exposures to CCP related to clearing activities	3,366	2,654	269
EU 8b	Of which CVA	5,091	3,908	407
9	Of which other	491	8	39
15	**Settlement risk**	**32**	**33**	**3**
16	**Securitisation exposures in the banking book**	**13,779**	**13,627**	**1,102**
17	Of which internal ratings based approach (SEC-IRBA)	8,244	8,150	660
18	Of which external ratings based approach (SEC-ERBA)	1,159	1,288	93
19	Of which standardised approach (SEC-SA)	4,376	4,190	350
EU 19a	Of which exposures weighted at 1250% (or deducted from own funds)(1)	-	-	-
20	**Market risk**	**28,802**	**24,839**	**2,304**
21	Of which the standardised approach	8,386	2,367	671
22	Of which internal model approach (IMA)	20,416	22,472	1,633
23	**Operational risk**	**62,736**	**63,209**	**5,019**
EU 23a	Of which basic indicator approach	4,402	4,141	352
EU 23b	Of which standardised approach	11,340	11,321	907
EU 23c	Of which advanced measurement approach (AMA)	46,993	47,747	3,759
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**18,784**	**17,666**	**1,503**
29	**TOTAL**	**745,284**	**713,671**	**59,623**

(1) The group opted for the deductive approach rather than a weighting of 1250%. The amount of securitisation exposures in the banking book deducted from own funds stands at EUR 195 million at 31 March 2022.

➤ TABLE 18: RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Key driver								
RWAs *In millions of euros*	**31 December 2020**	**Asset size**	**Asset quality**	**Model updates**	**Methodology and policy**	**Acquisitions and disposals**	**Currency**	**Other**	**Total variation**	**31 December 2021**

Credit risk	**527,189**	15,986	(10,636)	16,829	315	(587)	5,620	(924)	26,602	**553,861**
Counterparty credit risk	**40,961**	3	(2,163)	1,372	(4)	1,282	(20)	(966)	(495)	**40,437**
Settlement risk	**4**	-	-	-	-	-	-	29	29	**33**
Banking book securitisation positions	**14,472**	(209)	(365)	(580)	-	-	367	(58)	(845)	**13,627**
Market risk	**25,210**	3,727	(3,030)	(676)	-	(6)	-	(386)	(371)	**24,839**
Operational risk	**70,626**	(237)	(52)	(7,380)	-	244	-	9	(7,417)	**63,209**
Amounts below the thresholds for deduction (subject to 250% risk weight)	**17,061**	(657)	(53)	0	1,296	(85)	-	103	605	**17,666**
TOTAL	**695,523**	**18,612**	**(16,300)**	**9,566**	**1,606**	**848**	**5,968**	**(2,152)**	**18,148**	**713,671**

The main reasons explaining the EUR 18 billion increase in risk-weighted assets in 2021 are:

- a EUR 19 billion increase in line with business activity characterised by the increase in credit risk related financing of the economy, net of the impact of the effective securitisation transactions initiated by the Group. (+EUR 16 billion overall);
- a EUR 16 billion decrease induced by improvement of risk parameters;
- a EUR 10 billion increase billion linked to the update of the models, where the increase of EUR 17 billion in credit risk is partially offset in operational risk by the end of the obligation to bear levels of risk-weighted assets in AMA at that calculated as standard for -EUR 7 billion;
- a EUR 2 billion increase related to regulatory changes;
- a EUR 1 billion increase related to perimeter effects;
- a EUR 6 billion increase due to currency effects, linked to the appreciation of the US dollar.

Comments on the main changes in 2021 for each type of risk are detailed in the various appropriate sections.

BREAKDOWN OF RISK-WEIGHTED ASSETS BY BUSINESS LINE

➤ TABLE 19: RISK-WEIGHTED ASSETS BY RISK TYPE AND BUSINESS

							31 December 2021
	Retail Banking & Services		Corporate & Institutional Banking				
RWAs *In millions of euros*	**Domestic Markets**	**International Financial Services**	**Corporate Banking**	**Global Markets**	**Securities Services**	**Other activities**	**Total**
Credit risk	**211,423**	**181,145**	**117,163**	**12,416**	**5,359**	**26,355**	**553,861**
of which standardised approach	49,686	134,199	8,019	2,410	971	10,461	205,747
of which advanced IRB approach	149,384	18,069	108,032	8,845	4,310	9,450	298,089
of which equity positions under the simple weighting method	12,354	28,877	1,112	1,162	78	6,444	50,025
Counterparty credit risk	**2,057**	**917**	**231**	**35,067**	**1,975**	**191**	**40,437**
of which SACCR (derivatives)	341	694	0	1,196	0	7	2,238
of which internal model method (IMM)	1,555	4	168	28,599	1,176	128	31,629
of which exposures to CCP related to clearing activities	0	0	34	1,800	789	32	2,654
of which CVA	161	219	29	3,465	10	24	3,908
of which other	0	0	0	8	0	0	8
Settlement risk	**0**	**0**	**0**	**33**	**0**	**0**	**33**

Securitisation exposures in the banking book	**3,206**	**437**	**6,114**	**3,349**	**36**	**484**	**13,627**
of which internal ratings-based approach (SEC-IRBA)	3,055	153	3,709	1,196	36	0	8,150
of which standardised approach (SEC-SA)	125	2	2,042	2,006	0	15	4,190
of which external ratings-based approach (SEC-ERBA)	26	282	363	147	0	470	1,288
Market risk	**16**	**454**	**435**	**23,585**	**329**	**21**	**24,839**
of which standardised approach	16	77	412	1,800	43	21	2,367
of which internal model approach (IMA)	0	377	23	21,785	286	0	22,472
Operational risk	**16,764**	**18,132**	**9,896**	**14,501**	**3,751**	**164**	**63,209**
of which basic indicator approach	810	1,775	330	763	460	3	4,141
of which standardised approach	1,303	7,911	1,207	647	132	120	11,321
of which advanced measurement approach (AMA)	14,651	8,446	8,359	13,092	3,158	41	47,747
Amounts below the thresholds for deduction (subject to 250% risk weight)	**2,763**	**7,617**	**11**	**129**	**391**	**6,755**	**17,666**
TOTAL	**236,229**	**208,702**	**133,849**	**89,081**	**11,840**	**33,970**	**713,671**

							31 December 2020
	Retail Banking & Services		Corporate & Institutional Banking				
RWAs *In millions of euros*	**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**

The breakdown of risk-weighted assets by domain reflects the Group's diversified business mix, with 62% devoted to Retail Banking & Services (including 33% for the Domestic Markets and 29% for International Financial Services), 33% to Corporate & Institutional Banking and 5% to Corporate Centre.

The increase in the Group's risk-weighted assets was EUR 18 billion over 2021, with a EUR 16 billion increase in Corporate & Institutional Banking, including EUR 12 billion in Corporate Banking. Domestic Markets' risk-weighted assets rose by EUR 2.7 billion with an increase on Belgian Retail Banking. The EUR 1 billion decrease in risk-weighted assets on International Financial Services is mainly driven by Personal Finance and Insurance.

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 16: *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, 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.

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)*.
  - The values of G-SIB indicators at 31 December 2020 are presented in GSIB1 format in Appendix 3 *Countercyclical capital buffers and G-SIB buffer.*
  - The Group received the notification from the *Autorité de contrôle prudentiel et de résolution* (ACPR), dated 23 November 2021, that it was on the 2021 list of global systemically important financial institutions in sub-category 3, corresponding to its score in the database at end 2020. As a result, the G-SIB buffer requirement for the Group should be 2% from 1 January 2023, compared to 1.5% currently.
  - The next update of the Group's G-SIBs as of 31 December 2021 will be published in April 2022 and in the 1st update to the Universal Registration Document;
  - the buffer for Domestic Systemically Important Banks (D-SIBs) aims to strengthen the capital requirements for institutions whose failure would have an impact on their 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 0.03% at 31 December 2021 compared with 0.02% at 31 December 2020 (see Appendix 3 *Countercyclical Capital Buffer and G-SIB Buffer*).

Pillar 2 requirement

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 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 CRR and the CRD, 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 Executive Management by the ECB. The requirements for the year 2022 have been notified at 3 February 2022.

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 SREP assessment conducted by the ECB in 2021, the requirements that the Group must meet under Pillar 2 since 1 March 2022 are the following:

- 0.74% for CET1 capital;

- 0.99% for Tier 1 capital;
- 1.32% for total equity.

This requirement of 1.32% under the P2R includes a surcharge of 0.07% for non-performing exposures on outstanding loans granted before 26 April 2019. The Group records provisions on these non-performing exposures based on an analysis of the intrinsic risk of loss according to the applicable accounting principles and these may differ from the new expectations of the supervisor which are based on a fixed progressive[1] provisioning schedule. Apart from this surcharge, the requirement for the P2R remains unchanged at 1.25% compared to the SREP 2020.

Overall capital requirement

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.

[1] *Addendum to the ECB Guidance to banks on non-performing loan published in March 2018 and Communication on supervisory coverage expectations for NPEs published in August 2019.*

➤ TABLE 20: OVERALL CAPITAL REQUIREMENT

	2021	2022
CET1: Minimum requirement (Pillar 1)	4.50%	4.50%
Pillar 2 requirement(*)	0.70%	0.74%
Combined Buffer Requirement	4.03%	4.09%
of which capital conservation buffer	*2.50%*	*2.50%*
of which G-SIBs buffer	*1.50%*	*1.50%*
of which Countercyclical capital buffer(**)	*0.03%*	*0.09%*
OVERALL CET1 CAPITAL REQUIREMENT	**9.23%**	**9.33%**
Tier 1 (CET1 + AT1): Minimum requirement (Pillar 1)	6.00%	6.00%
Pillar 2 requirement(*)	0.94%	0.99%
Combined Buffer Requirement	4.03%	4.09%
OVERALL TIER 1 CAPITAL REQUIREMENT	**10.97%**	**11.08%**
Tier 1 (CET1 + AT1): Minimum requirement (Pillar 1)	8.00%	8.00%
Pillar 2 requirement(*)	1.25%	1.32%
Combined Buffer Requirement	4.03%	4.09%
OVERALL TOTAL CAPITAL REQUIREMENT	**13.28%**	**13.41%**

(*) Only the Pillar 2 requirement is made public. Since 2020, the P2R has taken into account the application of Article 104bis of Directive (EU) No. 2019/878.

(**) Countercyclical capital buffers as at 31 December 2021 and anticipated as at 31 December 2022 take into account the applicable rate increases applicable in 2022 (see appendix 3: Countercyclical capital buffer and G-SIB buffer).

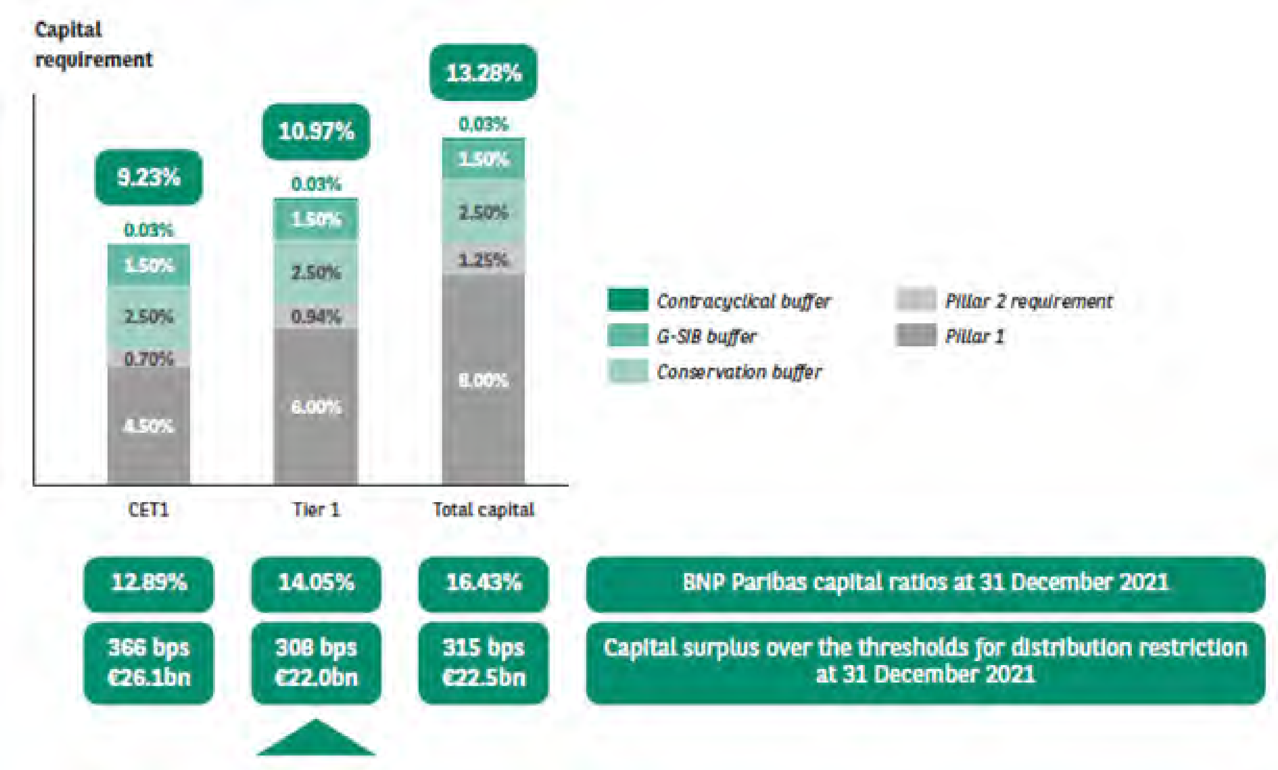
The CET1 capital requirement is 9.23% at 31 December 2021 (excluding Pillar 2 guidance), in view of the capital conservation buffer at 2.5%, a G-SIBs buffer at 1.5%, the countercyclical buffer at 0.03% and a Pillar 2 requirement at 0.70%.

At 31 December 2021, BNP Paribas' CET1 ratio stands at 12.89%, well above the minimum requirement level applicable in 2021 notified by the European Central Bank. Compared to 31 December 2020, the CET1 ratio was up by around 10 basis points as at 31 December 2021, due to:

- the placing into reserves of 2021 net income after taking into account a 50% dividend pay-out ratio and the impact of the execution of the share buyback programme of EUR 900 million in Q4 2021 (+50 bps);
- the increase of risk-weighted assets at constant scope and exchange rates[1] (-25 bps);
- other impacts on the ratio, particularly related to the effects of regulatory changes due to the health crisis[2] (-15 bps).

[1] *Including updates of models and regulations.*
[2] *IFRS 9 transitional arrangements and PVA aggregation factor (-10 bps).*

➤ **FIGURE 1: MDA RESTRICTION THRESHOLDS**



Since 1 January 2022, the Group is subject to a new restriction threshold applicable to distributions on the basis of the MREL requirement (M-MDA, see paragraph MREL).

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 2021, the Group had a surplus of total capital of EUR 22.0 billion compared to the distribution restriction thresholds.

As of 1 January 2022, the excess of Tier 1 capital over the restriction thresholds applicable to distributions was estimated at EUR 21.8 billion, taking into account the end of Total Tier 1 capital eligibility for EUR 235 million of equity instruments.

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

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 2020 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 2020, own funds eligible for the Solvency Capital Requirement stood at EUR 17,291 million. The amount of SCR was EUR 9,990 million and the SCR coverage ratio was 173%. Eligible own funds for the SCR Group Minimum amounted to EUR 14,175 million. The amount of SCR Group Minimum was EUR 4,619 million, and the SCR Group Minimum coverage ratio was 307%.

The Solvency Report at 31 December 2021 will be published on 19 May 2022.

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 2020 applicable in 2021, 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 Financial Officer.

As at 31 December 2021, BNP Paribas Group, as a financial conglomerate, had capital of EUR 132.1 billion compared to a total requirement of EUR 103.0 billion, which represents a capital surplus of EUR 29.2 billion.

➤ **TABLE 21: FINANCIAL CONGLOMERATES – OWN FUNDS AND CAPITAL ADEQUACY RATIO (EU INS2)**

In millions of euros	**31 December 2021**	**31 December 2020**
Supplementary own fund requirements of the financial conglomerate *(amount)*	29,189	24,817
Capital adequacy ratio of the financial conglomerate *(%)*	128.35%	125.12%

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 widely – 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, 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 were 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 2021. 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 February 2021, 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 2021, 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 2021, 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 are discussed, is 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 February 2022 to approve the resolution plan drafted by the SRB.

The resolution strategy privileged 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 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 exposure.

In 2021, the minimum TLAC requirement for the Group stood at 20.03% of the risk-weighted assets, a level increased to 22.03% from 1 January 2022:

- a 16% TLAC minimum requirement (18% from 1 January 2022);
- a 4.03% 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 0.03%.

From 27 June 2019 to 31 December 2021, the Group's minimum TLAC requirement was 6% of the leverage ratio exposure. From 1 January 2022, this rises to 6.75%.

➤ TABLE 22: COMPOSITION OF TLAC RATIO (EU TLAC1)

	In millions of euros	31 December 2021	31 December 2020
Regulatory capital			
1	Common Equity Tier 1 capital (CET1)	91,976	88,767
2	Additional Tier 1 capital (AT1)	8,280	10,040
6	Tier 2 capital (Tier 2)	17,001	15,024
11	**Total TLAC eligible capital**	**117,256**	**113,830**
Other TLAC eligible liabilities			
12	Non-preferred senior debt issued directly by the resolution entity (not *grandfathered*)(*)	67,003	52,731
EU-12a	Non-preferred senior debt issued by other entities within the resolution group (not *grandfathered*)	-	-
EU-12b	Non-preferred senior debt issued prior to 27 June 2019 (*grandfathered*)	-	-
EU-12c	Amortised portion of Tier 2 instruments with remaining maturity over one year	1,610	829
13	Preferred senior debt (not grandfathered before application of 2.5% RWA limit)	Option not applied	Option not applied
EU-13a	Preferred senior debt issued prior to 27 June 2019 (before application of 2.5% RWA limit)	Option not applied	Option not applied
14	Preferred senior debt (after application of the 2.5% RWA limit)	Option not applied	Option not applied
17	TLAC eligible liabilities items before adjustments	68,613	53,560
EU-17a	*Of which subordinated*	*68,613*	*53,560*
Own funds and TLAC eligible liabilities: Adjustments to non-regulatory capital elements			
18	Total capital and other TLAC eligible liabilities before regulatory adjustments	185,870	167,390
19	Deduction of exposures between MPE resolution groups	-	-
20	Deduction of investments in other TLAC eligible liabilities instruments	-	-
22	**Total capital and other TLAC eligible liabilities after regulatory adjustments**	**185,870**	**167,390**
Risk-weighted assets and leverage ratio total exposure measure			
23	Risk-weighted assets (RWAs)	713,671	695,523
24	Leverage ratio total exposure measure	2,442,524	1,998,414
25	**TLAC RATIO** *(as a percentage of risk-weighted assets)*	**26.04%**	**24.07%**
26	**TLAC RATIO** *(as a percentage of leverage ratio total exposure measure)*(**)	**7.61%**	**8.38%**
27	CET1 *(as a percentage of RWAs)* available after meeting the resolution group's requirements	7.11%	
28	Combined buffer requirement	4.03%	4.02%
29	*of which capital conservation buffer*	*2.50%*	*2.50%*
30	*of which countercyclical buffer*	*0.03%*	*0.02%*
31	*of which systemic risk buffer*	*0.00%*	*0.00%*
EU-31a	*of which G-SIBs or D-SIBs buffers*	*1.50%*	*1.50%*
EU-32	**Total amount of excluded liabilities referred to in Article 72a(2) CRR**	**1,838,294**	**1,653,908**

(*) Outstanding principal amount.
(**) The total leverage ratio exposure measure at 31 December 2020 takes into account the effect of the temporary exemption of deposits with Eurosystem central banks.

At 31 December 2021, the Group's TLAC ratio broadly exceeds the applicable minimum level of requirement. This ratio stood at 26.04% of risk-weighted assets, without using senior preferred debt, which are eligible up to a limit of 2.5% of risk-weighted assets. It stands at 7.61% of leverage exposures. As a reminder, at 31 December 2020, TLAC ratios were calculated taking into account the effect of the temporary exemption for deposits with Eurosystem central banks in the calculation of leverage exposures, pursuant to Article 500ter 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: CREDITOR RANKING OF THE RESOLUTION ENTITY BNP PARIBAS SA(*) (EU TLAC 3)

		31 December 2021				
		Insolvency ranking				
	In millions of euros	**1**	**2**	**2**	**4**	**TOTAL**
1	Description of insolvency ranking	CET1 capital(**)	AT1 capital(**)	T2 capital(**)	Non-preferred senior debt(***)	
2	Regulatory capital instruments and debt instruments	115,558	9,207	22,118	69,914	**216,797**
3	*of which excluded instruments*	-	-	-	-	**-**
4	Regulatory capital instruments and eligible debt instruments	115,558	9,207	22,118	69,914	**216,797**
5	*of which instruments eligible for the TLAC ratio*	*115,558*	*8,237*	*21,762*	*67,003*	***212,560***
6	*of which residual maturity ≥ 1 year and < 2 years*	-	-	*12*	*5,768*	***5,780***
7	*of which residual maturity ≥ 2 years and < 5 years*	-	-	*6,264*	*22,380*	***28,644***
8	*of which residual maturity ≥ 5 years and < 10 years*	-	-	*8,128*	*29,487*	***37,615***
9	*of which residual maturity ≥ 10 years (excluding perpetual)*	-	-	*6,642*	*9,368*	***16,010***
10	*of which perpetual instruments*	*115,558*	*8,237*	*716*	-	***124,511***

(*) The data presented correspond to the scope of the resolution entity, BNP Paribas SA.
(**) Amounts before regulatory adjustments.
(***) Outstanding principal amount.

		31 December 2020				
		Insolvency ranking				
	In millions of euros	**1**	**2**	**2**	**3**	**TOTAL**
1	Description of insolvency ranking	CET1 capital(**)	AT1 capital(**)	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 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)*	-	-	*5,525*	*6,550*	***12,075***
10	*of which perpetual instruments*	*107,892*	*9,948*	*703*	-	***118,543***

(*) The data presented correspond to the scope of the resolution entity, BNP Paribas SA.
(**) Amounts before regulatory adjustments
(***) Outstanding principal amount

MREL

The total Minimum Requirement for own funds and Eligible Liabilities (MREL) will apply to all European Union credit institutions and investment firms from 1 January 2024.

The resolution authorities have notified the Group of a binding intermediate MREL which applies from 1 January 2022. At 31 December 2021, the Group already exceeds the expected intermediate MREL requirement and the distance above the minimum requirement ("M-MDA") is greater than the distance applicable to the distribution restriction thresholds ("MDA") calculated in relation to the capital requirements (see paragraph Overall capital requirements).

The requirements of the MREL ratio publication will apply from 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 2022. On 10 November 2020, the European Commission published its roadmap on the Banking Union, which has led to a period of consultation with the banking industry in early 2021. However, given the complexity of the subject, which potentially affects several regulatory texts, no progress was made in 2021.

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:

- up to 28 June 2021, the leverage ratio has been the subject of a statement submitted to the ECB and a disclosure requirement under Pillar 3;
- from 28 June 2021, institutions are 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 4.10% as of 31 December 2021, compared to 4.94% as of 31 December 2020.

For reminder, as at 31 December 2021, the exposures used for the leverage ratio no longer take into account the temporary exemption for deposits with Eurosystem central banks, as provided for in Article 500ter of Regulation (EU) No. 2020/873. At 31 December 2020, the leverage ratio stood at 4.36% without this exemption.

➤ TABLE 24: LEVERAGE RATIO – ITEMISED

➤ *Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1)*

	In millions of euros	31 December 2021	31 December 2020
1	Total assets as per published financial statements	2,634,444	2,488,491
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(264,799)	(248,445)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	(4,240)	
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-	(254,189)
8	Adjustments for derivative financial instruments	(32,959)	(148,610)
9	Adjustment for securities financing transactions (SFTs)(*)	30,023	5,567
10	Adjustment for off-balance sheet items (*i.e.* conversion to credit equivalent amounts of off-balance sheet exposures)	193,916	181,931
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(2,563)	
11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	(12,954)	(11,625)
12	Other adjustments	(98,343)	(14,706)
13	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**2,442,524**	**1,998,414**

(*) Securities Financing Transactions: repurchase agreements and securities borrowing/lending.

➤ ***Leverage ratio – common disclosure (EU LR2)***

	In millions of euros	31 December 2021	31 December 2020
	On-balance sheet exposures (excluding derivatives and SFTs(*))		
1	On-balance sheet items (excluding derivatives, SFTs(*), but including collateral)	1,823,650	1,701,568
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(40,430)	
6	(Asset amounts deducted in determining Tier 1 capital)	(13,950)	(14,128)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs(*)) (sum of lines 1 to 6)**	**1,769,269**	**1,687,440**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	70,791	68,644
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	132,005	
9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	134,854
9b	Exposure determined under Original Exposure Method	-	
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(1,404)	
10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	(24,479)
10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	(49,812)
11	Adjusted effective notional amount of written credit derivatives	449,691	429,943
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(434,245)	(415,149)
13	**Total derivatives exposures (sum of lines 8 to 12)**	**216,837**	**144,001**
	Securities financing transaction (SFT) exposures(*)		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	395,040	370,363
15	(Netted amounts of cash payables and cash receivables of gross SFT(*) assets)	(148,651)	(142,263)
16	Counterparty credit risk exposure for SFT(*) assets	30,023	22,756
18	**Total securities financing transaction exposures (sum of lines 14 to 18)**	**276,412**	**250,856**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	476,655	455,280
20	(Adjustments for conversion to credit equivalent amounts)	(283,694)	(273,348)
22	**Off-balance sheet exposures (sum of lines 19 to 21)**	**192,960**	**181,931**
	Excluded exposures		
22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)(**)	-	(254,189)

	In millions of euros	31 December 2021	31 December 2020
22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off-balance sheet))	(12,954)	(11,625)
22k	**Total exempted exposures (sum of lines 22 to 22)**	**(12,954)**	**(265,814)**
	Capital and total exposure measure		
23	**Tier 1 capital**	**100,255**	**98,806**
24	**Leverage ratio total exposure measure(**)**	**2,442,524**	**1,998,414**
25	**LEVERAGE RATIO(**)**	**4.10%**	**4.94%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) *(%)* (**)	4.10%	4.36%
	Leverage requirement		
26	Regulatory minimum leverage ratio requirement *(%)*	3.00%	
26a	Additional leverage ratio requirements *(%)*	0.00%	
26b	*of which: to be made up of CET1 capital*	*0.00%*	
27	Leverage ratio buffer requirement *(%)*	0.00%	
27a	Overall leverage ratio requirement *(%)*	3.00%	
	Disclosure of mean values		
28	Mean of daily values of gross SFT(*) assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	316,646	
29	Quarter-end value of gross SFT(*) assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	246,389	
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT(*) assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2,512,781	
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT(*) assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2,512,781	
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT(*) assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**3.99%**	
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT(*) assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**3.99%**	

(*) Securities Financing Transactions: repurchase agreements and securities lending/borrowing operations.

(**) At 31 December 2020, the leverage ratio exposure takes into account the effect of the temporary exemption of deposits with the Eurosystem central banks. At 31 December 2021, the Group stops using this option.

➤ ***Split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (EU LR3)***

	In millions of euros	31 December 2021	31 December 2020
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs(*), and exempted exposures), of which:**	**1,770,265**	**1,421,626**
EU-2	Trading book exposures	190,179	165,196
EU-3	Banking book exposures, of which:	1,580,087	1,256,430
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	503,388	198,774
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	40,828	38,257
EU-7	Institutions	33,574	35,607
EU-8	Secured by mortgages of immovable properties	185,825	181,557
EU-9	Retail exposures	242,525	233,828
EU-10	Corporate	356,553	332,834
EU-11	Exposures in default	13,711	14,309
EU-12	Other exposures (*e.g.* equity, securitisations, and other non-credit obligation assets)	203,683	221,265

(*) Securities Financing Transactions: repurchase agreements and securities borrowing/lending.

Pursuant to article R.511-16-1 of French Monetary and Financial Code, BNP Paribas' asset yield (*i.e.* net accounting income divided by the total balance sheet on a consolidated basis) was 0.36% in 2021 compared to 0.30% in 2020.

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 Financial Officer. The Committee's mission is to validate the Group's targets in terms of solvency ratios and loss absorbing capacity requirements in case of resolution (TLAC and MREL) 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, in central scenario and adverse scenario, and monitoring these indicators relative to the Group's Risk Appetite, which is stated in the Risk Appetite Statement. This includes solvency ratios, leverage ratio, TLAC/MREL ratios, capital adequacy of the financial conglomerate, *etc.*,
  - 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,
  - validating management buffers applicable to the aforementioned ratios,
  - 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. Exceptions are considered on a case-by-case basis.

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]

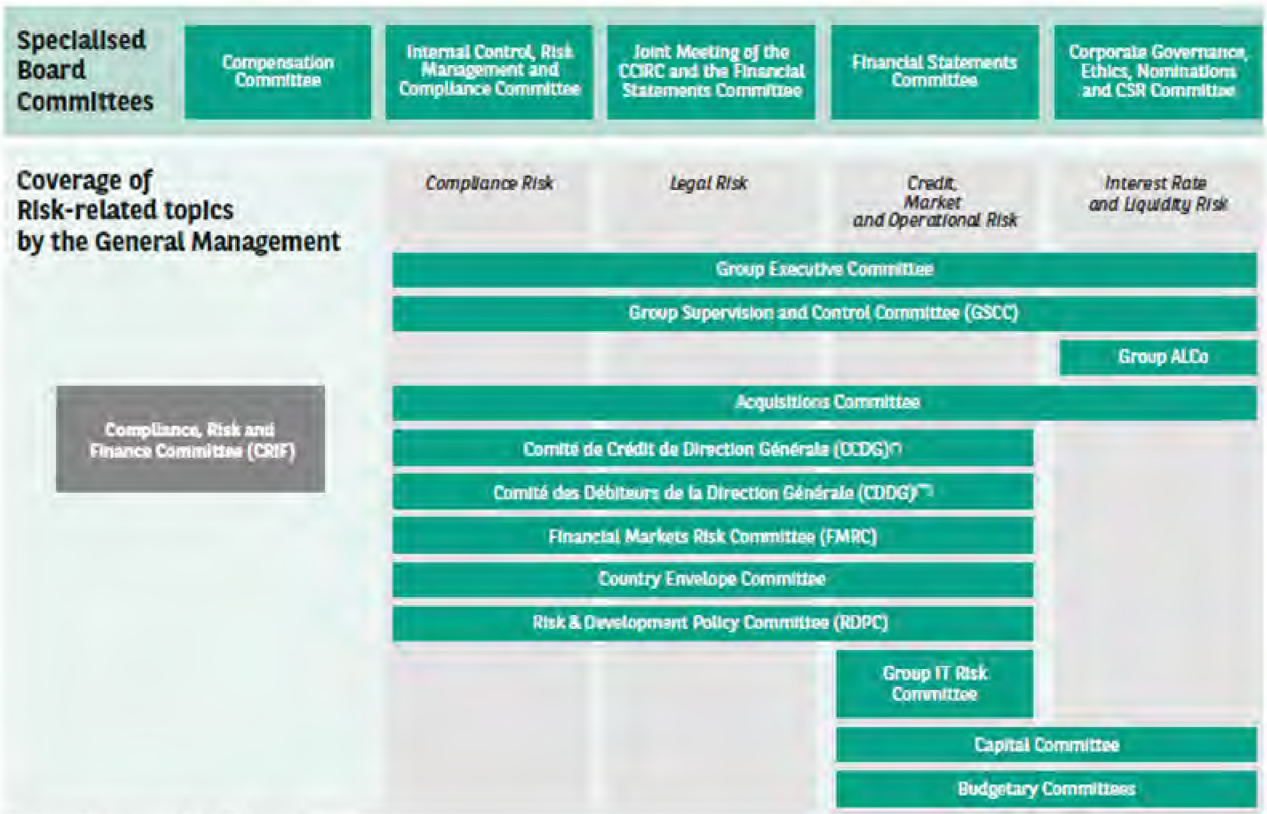
GOVERNANCE

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 provides broad guidelines for risk management through Group-level governance bodies. The main guidelines are shown in the diagram below:

➤ FIGURE 2: OVERVIEW OF GROUP LEVEL GOVERNING BODIES COVERING RISK-RELATED TOPICS



(*) General Management Credit Committee
(**) General Management Doubtful Committee

Main Group-level governance bodies have the following roles:

- 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 and MREL) requirements in case of resolution as well as the trajectory to achieve these targets, monitors the compliance with this trajectory and, when relevant, proposes corrective actions to achieve target solvency ratios. As the Group's competent Executive Management authority for all issues related to the internal credit and operational risks 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. 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 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 Financial Markets Risk Committee (FMRC) 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 results 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. These measures are now integrated into normal activity.

With regard to the operational resilience of the Group and the entities, a review of temporary exceptions (waivers) granted in 2020 was carried out with a view to stabilising operational processes: some waivers have been deactivated (return to operational procedures before the health crisis) or made permanent (adoption of a new mode of operation including associated controls), while those still in place continue to be closely monitored.

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 section 2.4 *Internal Control* 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 defence;
- 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 line 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 credit and counterparty risks, market risk, interest rate and foreign exchange rate risks on the banking book, liquidity risks, insurance risks, and operational risk, including technological and cybersecurity risks, over data protection risks, modelling risks and environmental and social risk factors, as well as the associated governance risks. As part of this role, it must ascertain the soundness and sustainability of the business commercial 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 of RISK Function, 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. He also has direct and independent access to the Board of directors of BNP Paribas, *via* the Internal Control, Risks and Compliance Committee (CCIRC).

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 reports to the Chief Executive Officer and is a member of the BNP Paribas Executive Committee. She has direct and independent access to the Board of directors and in particular to its specialised committee, the Internal Control, Risk Management and Compliance Committee (CCIRC), and can thus inform it of any event likely to have a significant impact on the Group. Lastly, the CCIRC periodically interviews her, without the effective managers being present.

The Chief Compliance Officer has no operational activity outside of compliance and reputation risk and no commercial activity, which guarantees his independence of action. She exercises hierarchical supervision over all the compliance teams within 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' 12 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, Human Resources (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 and functions 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. It provides entities with resources that they can use for their information, acculturation and support for employee skills development in all aspects of the risk culture.

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 7.3 *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, during various committees it chairs (CCDG, FMRC, 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 time frame, 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 solvency ratios (CET1, Tier 1 and total own funds);
- the balance of the breakdown of risk-weighted assets by business line;
- the cost of risk on loans outstandings (in annualised basis points) and doubtful loans on gross outstandings ratio;
- the liquidity ratios (LCR and NSFR).

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 2021, the EBA and the ECB conducted EU-wide stress tests of the 50 largest European banks. As in previous years, macroeconomic scenarios and a certain number of methodological assumptions were applied to all banks for comparison purposes. A macroeconomic stress scenario of unprecedented severity 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) risks. This was done in a context already under stress due to the health crisis. This was the second European regulatory stress test completed under the new IFRS 9 accounting standard to analyse its impact on the 2020 crisis year and on a period of renewal of a major macroeconomic crisis.

  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 440 basis points compared with the level at 31 December 2020 (compared to -288 bps for the 2018 exercice), *versus* an average impact of -485 bps across all the 50 European banks tested (compared to -395 bps for the 48 banks in 2018 and an average impact down to -344 bps excluding the English banks that were no longer included in the 2021 exercice). The difference between the impact on BNP Paribas and the average impact on the banks tested remains relatively unchanged at +45 bps in 2021 compared to +56 bps in 2018.

  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 Group's comfortable liquidity position;

- 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 profit and loss (revenues, cost of risk, *etc.*), balance-sheet, risk-weighted assets, and capital.
  - 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 Simulations ("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 and ICAAP 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 and ICAAP initiatives of the Group's business lines and legal entities in order to ensure overall consistency and streamline procedures;
- the coordination of the Group's financial simulation system 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 (euro zone, 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 central scenarios are revised quarterly by STFS to monitor 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 Commission Implementing Regulation (EU) No. 2021/637, 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 10 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: GROSS CREDIT RISK EXPOSURE BY ASSET CLASS AND APPROACH

	31 December 2021				31 December 2020				Variation	
Exposure *In millions of euros*	**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	469,741	55,167	-	524,908	429,083	44,053	-	473,137	51,771	47,462
Corporates	636,914	141,136	-	778,050	602,043	140,265	-	742,308	35,742	18,358
Institutions(**)	52,369	25,182	-	77,552	53,740	26,696	-	80,437	(2,885)	(4,494)
Retail	290,972	177,146	-	468,117	284,356	173,760	-	458,117	10,000	10,167
Equity	-	4,389	14,393	18,782	-	781	17,002	17,783	999	984
Other items(***)	1,738	41,916	-	43,654	578	28,010	-	28,588	15,066	14,831
TOTAL	**1,451,734**	**444,936**	**14,393**	**1,911,063**	**1,369,802**	**413,566**	**17,002**	**1,800,369**	**110,694**	**87,309**

(*) 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 non-credit obligation assets include tangible assets, accrued income and residual values.

Exposure related to loan acquisitions on the secondary market in 2021 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 87 billion in 2021 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. Currency effects significantly influenced the change in exposure (+EUR 23 billion) under the effect of US dollar appreciation (+EUR 22 billion). Apart from exchange rate effects, the main changes by exposure class are as follows:

- the +EUR 47 billion increase in exposures to central governments and central banks is linked to the significant volumes of liquidity placed in European and American central banks;
- the increase in exposure to corporates of +EUR 18 billion was driven mainly by CIB (+EUR 22 billion, of which +EUR 10 billion in North America, +EUR 7 billion in Europe and +EUR 3 billion in Asia).
- The increase in exposures to retail of +EUR 10 billion mainly from Domestic Markets, notably in Belgium (+EUR 4 billion) and in France (+EUR 3 billion).

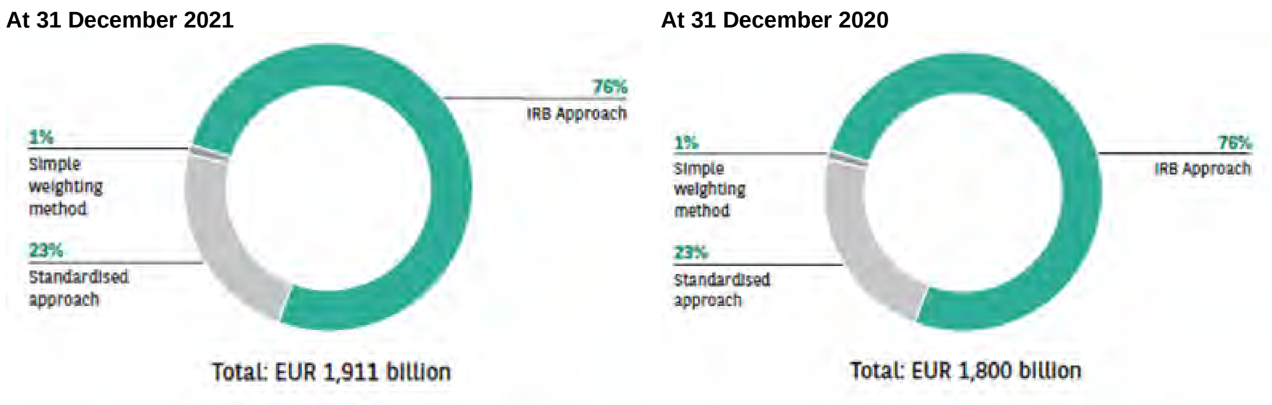
APPROACHES USED TO CALCULATE CAPITAL REQUIREMENTS

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 gross exposures under the IRBA approach is 76% at 31 December 2021, breakdown unchanged compared to 31 December 2020. 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 3: GROSS CREDIT RISK EXPOSURE BY APPROACH



The amounts and percentages below are presented net of provisions for credit risk.

The scope of exposures subject to the permanent partial use of the standardised approach is limited to BNL and a few entities of the BNP Paribas Fortis Group.

➤ TABLE 26: SCOPE OF THE USE OF IRB AND SA APPROACHES (EU CR6-A)

	31 December 2021				
		Exposure for purposes of leverage ratio(2)			
In millions of euros	**EAD for exposures subject to IRB approach(1)**	**Total exposure for purposes of leverage ratio(2) in standardised approach and IRB approach**	**Of which percentage of total exposure value subject to the permanent partial use of the SA** *(%)*	**Of which percentage of total exposure value subject to a roll-out plan** *(%)*	**Of which percentage of total exposure value subject to IRB Approach** *(%)*
Central governments or central banks	467,794	522,330	0.36%	89.46%	10.19%
of which Regional governments or local authorities		*14,416*	*2.26%*	*97.72%*	*0.02%*
of which Public sector entities		*35,085*	*0.04%*	*66.07%*	*33.89%*
Institutions	36,419	55,756	2.68%	64.48%	32.84%
Corporates	318,331	408,494	0.11%	75.85%	24.04%
of which Specialised lending, IRB approach		*55,341*	*0.00%*	*100.00%*	*0.00%*
Retail	259,504	390,329	1.17%	64.82%	34.01%
of which secured by real estate SMEs		*12,300*	*0.00%*	*85.70%*	*14.30%*
of which secured by real estate non-SMEs		*203,026*	*1.80%*	*84.69%*	*13.52%*
of which qualifying revolving		*9,243*	*0.00%*	*41.47%*	*58.53%*
of which SMEs		*58,543*	*1.26%*	*47.84%*	*50.90%*
of which Other retail		*107,217*	*0.18%*	*36.09%*	*63.73%*
Equity	14,313	16,349	0.00%	87.55%	12.45%
Other non-credit obligation assets	1,390	42,530	5.80%	3.95%	90.25%
TOTAL	**1,097,752**	**1,435,787**	**0.76%**	**75.36%**	**23.88%**

(1) EAD value used in the risk-weighted assets calculation for the purpose of solvency ratio, pursuant to Article 166 of Regulation (EU) No. 575/2013.

(2) Exposure value used as a measure of exposure for the purpose of leverage ratio, pursuant to Article 249 of Regulation (EU) No. 876/2019.

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 been implemented since 2011 and 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 factors, especially those linked to climate change, in its credit risk system. Within this context, the Group continues to strengthen the ESG assessment of its clients to make it more systematic and to better understand the ESG risk profile associated.

Expanding the ESG analysis of corporate customers thanks to a new risk assessment tool: the ESG Assessment

BNP Paribas takes ESG criteria into account in its decision-making processes. ESG criteria are integrated into the Know Your Client (KYC) and 22 credit and rating policies.

In addition to the current ESG risk assessment tools (sectoral policies, CSR screening, specific credit policies, questionnaires related to the law on the duty of vigilance), a new ESG assessment framework has been deployed since June 2021: ESG Assessment. It makes it possible to identify, assess and monitor the ESG performance and risks of corporate customers by sector with a common approach within the Group for a given customer segment.

Overall, the assessment aims to perform a systematic ESG analysis as part of the credit process, one of the foundations of the banking activity, thus integrating ESG criteria with the other criteria included in the assessment of the counterparty's credit profile.

The ESG Assessment covers the environmental (climate and biodiversity), social (health, safety and impact on communities) and governance (business ethics) dimensions through a set of questions, supplemented by an analysis of controversies affecting the client. The questionnaires developed in this context are specific to each sector in order to better integrate the challenges and issues specific to their activities.

This tool will make it possible to assess clients' compliance with sector policies, as well as the maturity of their ESG strategy and its implementation.

The deployment of ESG Assessment, included in the credit files for all business sectors and business groups, will enable the RISK function to exercise greater control over the ESG dimensions during credit committees on a documented basis. Currently designed for large companies, this framework will be gradually adapted and extended to different customer segments.

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 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 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 authorisations, 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 as requested by the ECB. 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 risks taken 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 under *Credit risk diversification* of this section;
- 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 these reviews, special focus is placed on CSR issues in potentially sensitive sectors. 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 2021, an internal portfolio review was undertaken on the metal & mining, the oil & gas, electricity generation, commercial real estate, residential real estate, telecoms, project financing, shipping financing and aviation sectors.

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 crisis scenarios.

IMPAIRMENT VALUATION PROCEDURES [Audited]

The Group applies 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 calculations 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 issued from several scenarios, including from the possible realisation of the collateral held. The amount of this impairment loss is based on the present value of probable recovered net cash flows under various scenarios and including from the possible realisation of the collateral held. Estimated expected cash flows also includes a cash flow scenario from the possible sale of non-performing loans or all loans. Proceeds from the sale is net of costs associated to the sale.

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 27: 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 1,897 billion at 31 December 2021, an increase compared to 31 December 2020 with EUR 1,783 billion. This increase is mainly driven by the increase in the volumes of liquidity invested in European Central Banks and the day-to-day activities. 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 28: CREDIT RISK EXPOSURE BY ASSET CLASS AND APPROACH TYPE (EU CRB-B)

Exposure ***In millions of euros***	**31 December 2021**	**31 December 2020**
Central governments or central banks	469,741	429,083
Institutions	52,369	53,740
Corporates	636,914	602,043
Retail	290,972	284,356
of which Secured by real estate property	*191,074*	*184,499*
of which SMEs	*11,789*	*11,990*
of which Non-SME	*179,284*	*172,509*
of which Qualifying revolving	*16,024*	*16,707*
of which Other retail	*83,874*	*83,150*
SME	*36,399*	*32,830*
Non-SME	*47,475*	*50,320*
Other items	1,738	578
TOTAL IRB APPROACH	**1,451,734**	**1,369,802**
Central governments or central banks	41,976	32,658
Regional governments or local authorities	5,425	6,047
Public sector entities	19,599	17,941
Multilateral development banks	185	192
International organisations	765	7
Institutions	12,247	12,935
Corporates	117,098	117,402
Retail	126,050	122,658
Exposures secured by mortgages on immovable property	62,876	62,708
Exposures in default	11,063	10,825
Exposures associated with particular high risk(*)	1,345	1,071
Exposures in the form of units or shares in collective investment undertakings	1	464
Equity	4,389	648
Other items	41,916	28,010

TOTAL STANDARDISED APPROACH	**444,936**	**413,566**
TOTAL	**1,896,670**	**1,783,367**

(*) 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 2021, the Group was attentive to geopolitical risks and the economic performance of emerging countries (see section *Areas of special interest in 2021* in section 5.1).

INDUSTRY DIVERSIFICATION

➤ TABLE 29: CREDIT RISK EXPOSURE BY GEOGRAPHIC REGION (EU CRB-C)

31 December 2021

	Europe(*)									North America	Asia Pacific					Rest of the World						TOTAL
Exposure *In millions of euros*	**Total Europe**	**France**	**Belgium**	**Luxembourg**	**Italy**	**United Kingdom**	**Germany**	**Netherlands**	**Other European countries**		**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**	
Central governments or central banks	**400,491**	234,436	56,416	33,024	16,300	8,352	21,869	1,534	28,561	**33,467**	**28,190**	8,965	9,714	3,926	5,585	**7,593**	150	306	3,013	2,238	1,885	**469,741**
Institutions	**26,658**	6,424	8,546	772	2,936	1,138	1,376	1,768	3,699	**9,648**	**10,557**	2,060	6,207	790	1,500	**5,506**	966	216	2,162	1,751	412	**52,369**
Corporates	**451,506**	138,925	66,466	28,255	63,991	47,661	27,802	23,959	54,447	**90,583**	**57,589**	6,739	20,000	14,019	16,832	**37,236**	1,446	353	10,789	12,462	12,186	**636,914**
Retail	**290,547**	151,625	82,180	9,194	37,641	255	198	273	9,181	**145**	**77**	4	19	39	14	**204**	5	39	66	12	82	**290,972**
Other items	**1,738**	1,190	487	47	-	-	1	12	0	-	**0**	0	-	-	-	-	-	-	-	-	-	**1,738**
TOTAL IRB APPROACH	**1,170,940**	**532,601**	**214,094**	**71,292**	**120,867**	**57,407**	**51,247**	**27,545**	**95,888**	**133,843**	**96,412**	**17,767**	**35,940**	**18,774**	**23,931**	**50,539**	**2,566**	**914**	**16,029**	**16,463**	**14,566**	**1,451,734**

31 December 2021

	Europe(*)									North America	Asia Pacific					Rest of the World					TOTAL
Exposure In millions of euros	**Total Europe**	**France**	**Belgium**	**Luxembourg**	**Italy**	**United Kingdom**	**Germany**	**Netherlands**	**Other European countries**		**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**	
Central governments or central banks	**16,098**	4,946	1,625	140	1,538	28	749	3	7,070	**19,099**	**105**	44	13	3	45	**6,674**	3,674	1,499	856	114	531	**41,976**
Regional governments or local authorities	**4,713**	335	874	0	2,801	6	13	12	670	**634**	**0**	-	-	-	0	**78**	78	-	-	-	-	**5,425**
Public sector entities	**2,979**	502	42	-	2,089	50	45	5	246	**16,447**	**18**	0	18	-	-	**154**	3	1	4	-	146	**19,599**
Multilateral development banks	**153**	1	-	151	-	0	-	-	1	**23**	**9**	-	-	9	-	**0**	-	-	0	-	-	**185**
International organisations	**765**	637	96	0	30	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	**765**
Institutions	**8,936**	4,096	258	148	328	346	617	86	3,057	**645**	**1,052**	79	250	21	702	**1,614**	831	243	65	342	133	**12,247**
Corporates	**70,306**	19,990	2,268	1,244	9,114	8,073	4,671	1,374	23,571	**29,176**	**6,058**	40	3,585	2,192	240	**11,558**	4,419	3,905	1,595	281	1,357	**117,098**
Retail	**97,270**	14,079	3,112	132	30,715	13,887	16,615	1,369	17,361	**15,718**	**1,888**	3	1,560	7	319	**11,175**	4,603	1,115	1,695	2,957	805	**126,050**
Exposures secured by mortgages on immovable property	**35,902**	8,288	2,651	56	1,020	1,215	1,518	5,093	16,060	**23,797**	**337**	1	127	195	14	**2,840**	1,338	1,280	80	11	131	**62,876**

31 December 2021

	Europe(*)									North America	Asia Pacific					Rest of the World						TOTAL
Exposure *In millions of euros*	**Total Europe**	**France**	**Belgium**	**Luxembourg**	**Italy**	**United Kingdom**	**Germany**	**Netherlands**	**Other European countries**		**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**	
Exposures in default	**8,826**	1,969	167	14	2,545	637	913	41	2,540	**395**	**6**	0	1	3	3	**1,869**	414	801	497	120	38	**11,096**
Items associated with particular high risk(**)	**437**	1	-	-	-	-	-	-	436	**708**	-	-	-	-	-	**167**	-	156	11	-	-	**1,312**
Exposures in the form of units or shares in collective investment undertakings	**1**	1	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Equity	**4,199**	2,647	306	906	99	121	23	40	58	**133**	**32**	1	3	1	26	**25**	2	0	-	10	13	**4,389**
Other items	**38,175**	27,828	1,934	505	4,066	886	1,948	131	879	**1,777**	**1,166**	34	1,027	10	95	**798**	165	323	142	95	73	**41,916**
TOTAL STANDARDISED APPROACH	**288,759**	**85,320**	**13,333**	**3,296**	**54,345**	**25,249**	**27,112**	**8,154**	**71,950**	**108,552**	**10,671**	**204**	**6,583**	**2,442**	**1,443**	**36,953**	**15,528**	**9,323**	**4,946**	**3,929**	**3,227**	**444,936**
TOTAL	**1,459,699**	**617,920**	**227,427**	**74,588**	**175,212**	**82,656**	**78,359**	**35,699**	**167,837**	**242,395**	**107,084**	**17,971**	**42,523**	**21,216**	**25,374**	**87,492**	**18,094**	**10,237**	**20,975**	**20,392**	**17,793**	**1,896,670**

(*) 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

Exposure *In millions of euros*	**Total Europe**	**France**	**Belgium**	**Luxembourg**	**Italy**	**United Kingdom**	**Germany**	**Nether lands**	**Other European countries**	**North America**	**Total Asia Pacific**	**Japan**	**North Asia**	**South-East Asia (ASEAN)**	**Indian penins ula & Pacific**	**Total Rest of the World**	**Turkey**	**Mediterra nean**	**Gulf States & Africa**	**Latin America**	**Other countries**	**TOTAL**
	Europe(*)										**Asia Pacific**					**Rest of the World**						
Central governments or central banks	**369,312**	219,393	50,155	24,859	17,144	9,488	18,041	1,787	28,445	**29,023**	**23,431**	8,829	6,988	4,181	3,434	**7,318**	0	262	2,733	2,252	2,071	**429,083**
Institutions	**32,359**	9,146	7,532	441	2,443	1,400	5,742	1,928	3,727	**8,119**	**9,257**	2,057	5,568	667	965	**4,006**	1,168	189	1,254	1,076	318	**53,740**
Corporates	**442,313**	151,964	66,348	22,638	62,200	45,127	24,318	23,107	46,611	**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**
Retail	**283,930**	147,761	79,202	8,418	37,324	197	197	72	10,759	**145**	**74**	6	18	37	14	**207**	5	34	68	12	89	**284,356**
Other items	**578**	76	454	48	-	0	-	0	0	**-**	**0**	0	-	-	-	-	-	-	-	-	-	**578**
TOTAL IRB APPROACH	**1,128,492**	**528,340**	**203,691**	**56,404**	**119,112**	**56,211**	**48,297**	**26,895**	**89,542**	**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**
Central governments or central banks	**17,028**	4,662	1,785	17	2,558	13	563	2	7,428	**8,115**	**112**	42	22	8	40	**7,403**	4,262	1,626	859	161	495	**32,658**
Regional governments or local authorities	**5,033**	340	859	-	3,663	7	8	7	148	**884**	**-**	-	-	-	-	**130**	130	0	0	-	-	**6,047**
Public sector entities	**4,302**	436	48	-	2,961	44	23	4	785	**13,515**	**15**	-	15	-	-	**109**	3	8	4	-	94	**17,941**
Multilateral development banks	**150**	-	-	150	0	-	-	-	0	**29**	**12**	-	0	12	-	**-**	-	-	-	-	-	**192**
International organisations	**7**	-	7	0	-	-	-	-	-	**-**	**-**	-	-	-	-	**-**	-	-	-	-	-	**7**
Institutions	**8,581**	3,627	417	86	489	444	704	62	2,752	**908**	**1,801**	56	1,109	60	576	**1,646**	1,069	133	111	135	198	**12,935**

31 December 2020

Exposure *In millions of euros*	**Europe(*)**										**Asia Pacific**					**Rest of the World**					
	Total Europe	**France**	**Belgium**	**Luxembourg**	**Italy**	**United Kingdom**	**Germany**	**Netherlands**	**Other European countries**	**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**
Corporates	**69,686**	21,277	2,459	1,072	8,613	7,480	5,565	1,264	21,956	**28,815**	**5,889**	110	3,782	1,672	325	**13,012**	5,062	4,669	1,729	499	1,052	**117,402**
Retail	**93,469**	13,764	2,834	59	30,305	11,711	17,533	1,279	15,985	**16,095**	**1,189**	3	1,024	14	149	**11,905**	5,466	1,143	1,949	2,695	653	**122,658**
Exposures secured by mortgages on immovable property	**35,809**	9,312	2,283	64	1,082	1,377	1,296	5,636	14,758	**22,341**	**303**	2	143	142	16	**4,254**	2,351	1,674	94	10	126	**62,708**
Exposures in default	**8,408**	2,055	150	13	2,588	558	812	59	2,171	**389**	**7**	0	1	2	3	**2,022**	596	915	363	73	75	**10,825**
Items associated with particular high risk(**)	**258**	0	-	-	-	-	-	-	257	**794**	**-**	-	-	-	-	**20**	6	10	4	-	-	**1,071**
Exposures in the form of units or shares in collective investment undertakings	**464**	464	-	-	-	-	-	-	-	**-**	**-**	-	-	-	-	**-**	-	-	-	-	-	**464**
Equity	**648**	508	-	139	-	-	-	-	-	**-**	**-**	-	-	-	-	**-**	-	-	-	-	-	**648**
Other items	**25,193**	14,786	2,411	557	3,765	1,000	1,458	183	1,033	**1,755**	**180**	34	48	20	78	**881**	205	326	178	92	80	**28,010**
TOTAL STANDARDISED APPROACH	**269,037**	**71,233**	**13,253**	**2,157**	**56,025**	**22,635**	**27,963**	**8,496**	**67,274**	**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**
TOTAL	**1,397,528**	**599,573**	**216,944**	**58,561**	**175,137**	**78,846**	**76,261**	**35,391**	**156,816**	**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**

(*) 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.

➤ TABLE 30: CREDIT RISK EXPOSURE BY INDUSTRY (EU CRB-D)

																					31 December 2021
Exposure *In millions of euros*	**Agriculture, Food, Tobacco**	**Insurance**	**Chemicals excluding Pharma-ceuticals**	**Building & Public works**	**Retail trade**	**Energy excluding Electricity**	**Equipment excluding IT Electronic**	**Finance**	**Real estate**	**Information technologies**	**Minerals, metals & materials(*)**	**Wholesale trade**	**Private individual**	**Healthcare & Pharmaceuticals**	**Services to public authorities(**)**	**Business services**	**Communication services**	**Sovereign**	**Transportation & Storage**	**Other**	**TOTAL**
Central governments or central banks	-	132	-	-	-	-	-	374,608	-	-	-	-	-	34	-	3	-	94,932	-	32	**469,741**
Institutions	1	2	33	107	0	-	14	41,797	731	0	73	7	-	806	1,978	33	1	4,865	286	1,634	**52,369**
Corporates	20,822	15,489	16,231	26,070	26,079	26,008	37,565	42,563	72,731	21,875	25,816	36,834	2,017	20,648	41,820	59,774	16,516	91	71,890	56,075	**636,914**
Retail	3,094	156	64	6,518	6,025	2	719	3,368	20,430	183	301	1,200	227,056	9,850	55	8,380	21	-	314	3,234	**290,972**
Other items	25	0	1	48	32	0	11	1,196	44	3	27	32	92	3	17	51	2	58	79	16	**1,738**
TOTAL IRB APPROACH	**23,943**	**15,779**	**16,329**	**32,743**	**32,136**	**26,011**	**38,309**	**463,531**	**93,935**	**22,061**	**26,218**	**38,074**	**229,166**	**31,341**	**43,870**	**68,241**	**16,540**	**99,946**	**72,569**	**60,991**	**1,451,734**
Central governments or central banks	-	-	-	-	-	-	-	21,439	-	-	-	-	-	-	-	12	-	20,526	-	0	**41,976**
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	7	0	0	-	5,399	20	0	**5,425**
Public sector entities	0	35	-	1	0	-	1	2,855	3	1	-	0	-	1,685	22	242	0	13,641	21	1,092	**19,599**
Multilateral development banks	-	-	-	-	-	-	-	185	-	-	-	-	-	-	-	-	-	-	-	-	**185**
International organisations	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	765	-	-	**765**

Exposure *In millions of euros*																					**31 December 2021**
	Agriculture, Food, Tobacco	**Insurance**	**Chemicals excluding Pharma-ceuticals**	**Building & Public works**	**Retail trade**	**Energy excluding Electricity**	**Equipment excluding IT Electronic**	**Finance**	**Real estate**	**Information technologies**	**Minerals, metals & materials(*)**	**Wholesale trade**	**Private individual**	**Healthcare & Pharmaceuticals**	**Services to public authorities(**)**	**Business services**	**Communication services**	**Sovereign**	**Transpor-tation & Storage**	**Other**	**TOTAL**
Institutions	-	-	-	-	-	-	-	12,446	-	-	-	-	-	-	-	-199	-	-	-	-	**12,247**
Corporates	9,788	786	1,401	3,685	10,759	860	7,701	3,476	7,403	3,663	5,162	11,243	15,805	2,243	3,161	9,178	2,302	473	4,629	13,379	**117,098**
Retail	5,701	24	37	2,306	1,206	4	515	35	895	154	377	2,508	104,201	1,115	184	-57	22	-	1,291	5,531	**126,050**
Exposures secured by mortgages on immovable property	3,248	15	79	313	989	5	679	265	8,779	142	791	1,875	39,847	1,113	67	1,789	13	-	325	2,539	**62,876**
Exposures in default	500	7	26	451	260	58	204	35	381	36	206	568	6,909	92	31	437	13	42	250	590	**11,096**
Items associated with particular high risk(***)	0	-	-	50	-	-	-	8	1,177	-	1	7	-	-	-	43	-	-	-	26	**1,312**
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	**1**
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,389	**4,389**
Other items	489	57	11	468	844	430	264	10,712	2,398	44	61	1,047	6,551	120	3,056	1,163	52	5,533	3,361	5,254	**41,916**
TOTAL STANDARDISED APPROACH	**19,727**	**925**	**1,554**	**7,274**	**14,059**	**1,358**	**9,364**	**51,457**	**21,035**	**4,040**	**6,598**	**17,249**	**173,313**	**6,375**	**6,521**	**12,608**	**2,403**	**46,378**	**9,896**	**32,800**	**444,936**
TOTAL	**43,670**	**16,705**	**17,883**	**40,018**	**46,195**	**27,369**	**47,673**	**514,988**	**114,970**	**26,101**	**32,816**	**55,323**	**402,479**	**37,715**	**50,391**	**80,849**	**18,943**	**146,324**	**82,466**	**93,792**	**1,896,670**

(*) Including cement, packaging, etc.

(**) Electricity, gas, water, etc.

	31 December 2021																					
Exposure *In millions of euros*	Agriculture, Food, Tobacco	Insurance	Chemicals excluding Pharma-ceuticals	Building & Public works	Retail trade	Energy excluding Electricity	Equipment excluding IT Electronic	Finance	Real estate	Information technologies	Minerals, metals & materials(*)	Wholesale trade	Private individual	Healthcare & Pharmaceuticals	Services to public authorities(**)	Business services	Communication services	Sovereign	Transpor-tation & Storage	Other	TOTAL

(***) Immovable property financing exposures whose risk profile may be affected by market conditions.

31 December 2020

Exposure *In millions of euros*	**Agriculture, Food, Tobacco**	**Insurance**	**Chemicals excluding Pharma-ceuticals**	**Building & Public works**	**Retail trade**	**Energy exclu-ding Electri-city**	**Equipment excluding IT Electronic**	**Finance**	**Real estate**	**Information technologies**	**Minerals, metals & materials(**)**	**Wholesale trade**	**Private individual**	**Healthcare & Pharmaceuticals**	**Services to public authorities(**)**	**Business services**	**Communication services**	**Sovereign**	**Transpor-tation & Storage**	**Other**	**TOTAL**
Central governments or central banks	-	82	-	-	-	-	-	327,177	-	-	-	-	-	37	-	3	-	101,765	-	19	**429,083**
Institutions	2	1	39	30	258	-	129	43,314	108	0	82	8	-	887	2,020	110	2	4,454	79	2,215	**53,740**
Corporates	20,363	13,516	13,201	24,386	25,779	26,658	37,890	43,152	69,195	20,139	22,206	32,464	6,161	12,387	36,835	59,154	16,603	96	70,047	51,813	**602,043**
Retail	3,089	42	59	4,617	6,570	4	674	1,005	15,597	194	325	3,363	231,519	4,962	70	7,970	20	-	401	3,874	**284,356**
Other items	22	1	1	46	27	0	10	82	40	3	19	36	87	3	14	43	2	33	91	18	**578**
TOTAL IRB APPROACH	**23,475**	**13,641**	**13,299**	**29,080**	**32,635**	**26,663**	**38,704**	**414,730**	**84,940**	**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**
Central governments or central banks	-	-	-	-	-	-	-	11,507	-	-	-	-	-	-	-	14	-	21,137	-	-	**32,658**
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	6	0	3	-	5,998	2	38	**6,047**
Public sector entities	-	39	-	1	0	-	0	2,003	4	1	0	0	0	2,372	22	207	0	12,238	33	1,022	**17,941**
Multilateral development banks	-	-	-	-	-	-	-	192	-	-	-	-	-	-	-	-	-	-	-	-	**192**

31 December 2020

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**	**Information technologies**	**Minerals, metals & materials(**)**	**Wholesale trade**	**Private individual**	**Healthcare & Pharmaceuticals**	**Services to public authorities(**)**	**Business services**	**Communication services**	**Sovereign**	**Transportation & Storage**	**Other**	**TOTAL**
International organisations	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	7	-	-	**7**
Institutions	-	-	-	-	-	-	-	12,935	-	-	-	-	-	-	-	-	-	-	-	-	**12,935**
Corporates	8,739	872	1,364	3,791	12,440	855	7,650	6,064	5,997	3,484	5,305	11,601	14,020	2,573	3,511	10,353	1,904	531	5,032	11,313	**117,402**
Retail	5,194	28	43	2,069	1,387	9	494	45	822	153	363	2,519	103,640	1,001	198	438	19	-	1,252	2,984	**122,658**
Exposures secured by mortgages on immovable property	3,282	15	88	390	1,208	8	512	282	7,504	146	606	2,353	40,278	980	91	1,677	12	-	312	2,963	**62,708**
Exposures in default	596	7	29	565	299	17	275	47	576	46	277	805	5,641	76	40	638	13	40	275	565	**10,825**
Items associated with particular high risk(***)	-	-	-	44	6	-	-	-	994	-	-	-	-	-	-	18	-	-	-	9	**1,071**
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	464	-	-	-	-	-	-	-	-	-	-	-	-	**464**
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	648	**648**

31 December 2020

Exposure *In millions of euros*	**Agriculture, Food, Tobacco**	**Insurance**	**Chemicals excluding Pharma-ceuticals**	**Building & Public works**	**Retail trade**	**Energy exclu-ding Electri-city**	**Equipment excluding IT Electronic**	**Finance**	**Real estate**	**Information techno logies**	**Minerals, metals & materials(*)**	**Wholesale trade**	**Private individual**	**Healthcare & Pharmaceuticals**	**Services to public authorities(**)**	**Business services**	**Communication services**	**Sovereign**	**Transpor-tation & Storage**	**Other**	**TOTAL**
Other items	437	18	14	248	347	28	368	4,795	1,297	33	57	638	7,538	44	444	1,718	63	3,020	2,769	4,131	**28,010**
TOTAL STANDARDISED APPROACH	**18,248**	**980**	**1,538**	**7,108**	**15,688**	**917**	**9,300**	**38,334**	**17,194**	**3,863**	**6,608**	**17,917**	**171,118**	**7,052**	**4,306**	**15,065**	**2,012**	**42,972**	**9,675**	**23,672**	**413,566**
TOTAL	**41,723**	**14,622**	**14,837**	**36,188**	**48,323**	**27,580**	**48,003**	**453,065**	**102,133**	**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**

(*) Including cement, packaging, etc.

(**) Electricity, gas, water, etc.

(***) Immovable property financing exposures whose risk profile may be affected by market conditions.

The sectors considered as sensitive are detailed in the *Exposures, provisions and cost of risk* section.

RISK-WEIGHTED ASSETS

➤ TABLE 31: CREDIT RISK-WEIGHTED ASSETS

RWAs *In millions of euros*	**31 December 2021**	**31 December 2020**	**Variation**
IRB approach	**298,089**	**278,202**	**19,887**
Central governments and central banks	4,359	3,559	800
Corporates	222,130	201,088	21,042
Institutions	9,983	11,032	(1,049)
Retail	61,201	62,240	(1,039)
Other items	417	284	133
Standardised approach	**205,747**	**193,906**	**11,841**
Central governments or central banks	6,529	6,454	75
Regional governments or local authorities	624	746	(122)
Public sector entities	2,194	2,256	(62)
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	4,422	4,659	(237)
Corporates	67,767	67,899	(132)
Retail	64,863	61,915	2,948
Exposures secured by mortgages on immovable property	23,067	22,976	91
Exposures in default	5,595	5,112	483
Items associated with particular high risk(*)	1,310	1,068	242
Exposures in the form of units or shares in collective investment undertakings	1	61	(60)
Equity	7,790	130	7,660
Other items	21,586	20,629	957
Equity positions under the simple weighting method	**50,025**	**55,081**	**(5,056)**
Private equity exposures in diversified portfolios	2,370	4,811	(2,441)
Listed equity exposures	3,066	3,508	(442)
Other equity exposures	44,589	46,762	(2,173)
CREDIT RISK	**553,861**	**527,189**	**26,672**

(*) Immovable property financing exposures whose risk profile may be affected by market conditions.

➤ TABLE 32: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER (EU CR8)

➤ *1st quarter 2022*

		RWAs		**Capital Requirements**	
In millions of euros		**Total**	***of which IRB approach***	**Total**	***of which IRB approach***
1	**31 December 2021**	**553,861**	**298,089**	**44,309**	**23,847**

2	Asset size	10,929	8,033	874	643
3	Asset quality	(3,655)	(3,924)	(292)	(314)
4	Model update	(2,409)	(2,507)	(193)	(201)
5	Methodology and policy	11,417	10,774	913	862
6	Acquisitions and disposals	2,284	9	183	1
7	Currency	3,706	2,461	297	197
8	Others	(1,663)	1,266	(133)	101
9	**31 March 2022**	**574,470**	**314,201**	**45,958**	**25,136**

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.

IRBA credit models are developed and used within a control system comprising three lines of defence:

- models producing internal estimates of the risk parameters are developed and maintained by specialised RISK teams, which also perform annual backtesting of each model in production;
- another RISK team, which reports directly to the Group Chief Risk Officer, conducts independent reviews of the models. Three types of review are carried out: systematic before a model is implemented, annual when reviewing backtesting carried out by the first line, and finally periodic, covering all the IRBA models used in the Bank according to an auditing plan that takes into account a risk-based approach;
- finally, each year, the General Inspectorate conducts an overall assessment of the models and their governance, and conducts a detailed review of an identified risk area.

In addition, the first and second line of defence RISK teams regularly report the most important information to Bank management and senior management, through

- the Capital Committee, which is the competent Executive Management authority for issues relating to internal credit models, and which, as such, is informed of the main decisions taken concerning these models, annually reviews the results of backtesting and receives a summary of the results of the independent review of the models; and
- the Internal Control, Risk Management and Compliance Committee (CCIRC), a body appointed by the Board of directors, which receives a quarterly qualitative dashboard detailing the major risk-related events over the quarter and a metric based on the recommendations of the independent review team.

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.

➤ TABLE 33: 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
	Banks	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
	Project financing	3	Qualitative Quantitative + expert opinion	> 10 years	Corporate – specialised lending
	Energy and commodity financing	1	Qualitative	> 10 years	Corporate – other
	BDDF – SME	1	Quantitative + expert opinion	> 10 years	Corporate – SME
	BDDF – Professionals & Entrepreneurs	1	Qualitative	> 10 years	Retail – other SME
	BDDF – Vie privée (Individuals & Professionals)	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 – Professionals	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	9 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 – Professionals and 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 years	Central governments and central banks
	Banks	4	Quantitative + expert opinion	> 10 years	Institutions Central governments and central banks Corporate – other
	Insurance	1	Qualitative	> 10 years	Corporate – other
	Large corporates	4	Quantitative – calibrated on internal data + Quantitative + expert opinion Quantitative	> 10 years	Corporate – other
	Real Estate non-retail in France	1	Qualitative – Asset valuation haircut	> 10 years	Corporate – other
	Project financing	3	Quantitative – calibrated on internal data Qualitative	> 10 years	Corporate – specialised lending
	Energy and commodity financing	1	Qualitative	> 10 years	Corporate – other
	BDDF – SME	1	Quantitative – calibrated on internal data	> 10 years	Corporate – SME
	BDDF – Professionals	1	Quantitative – calibrated on internal data	> 10 years	Retail – other SME
	BDDF – Vie privée (Individuals & Professionals)	1	Quantitative – calibrated on internal data	> 10 years	Retail – non-SME
	Personal Finance	2	Quantitative – calibrated on internal data	> 10 years	Retail – other non-SME
	BNPP FORTIS – Professionals & SME	1	Quantitative – calibrated on internal data	> 10 years	Retail – other non-SME/qualifying Revolving/secured by real estate non-SME
	BNPP FORTIS – Individuals	1	Quantitative – calibrated on internal data	> 10 years	Retail – other SME/secured by real estate non-SME
	BNPP FORTIS – Public entities	1	Quantitative – calibrated on internal data	> 10 years	Institutions
	BNL – SME	1	Quantitative – calibrated on internal data	> 10 years	Corporate – SME
	BNL – Retail Individuals	1	Quantitative – calibrated on internal data	> 10 years	Retail – other non-SME
	BNL – Professionals and Retail SME	1	Quantitative – calibrated on internal data	> 10 years	Retail – other non-SME
	BGL – Retail	1	Quantitative	> 10 years	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, banks and sovereigns	1	Quantitative – calibrated on internal data	> 10 years	Central governments and central banks
	BDDF – Retail	1	Quantitative – calibrated on internal data	> 10 years	Retail
	Personal Finance – France	2	Quantitative – calibrated on internal data	> 10 years	Retail – other non-SME
	BNPP FORTIS – Professionals & 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 SME/secured by real estate 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 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 33: *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 33: *Main models: LGD*).

➤ TABLE 34: BACKTESTING OF PD ON CENTRAL GOVERNMENTS, CENTRAL BANKS AND INSTITUTIONS PORFOLIO (EU CR9)

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtor**	**Average historical annual default rate**
Central governments and central banks	0.00 to 0.15%	714	-	-	0.01%	0.04%	-
	0.00 to 0.10%	*695*	-	-	*0.01%*	*0.03%*	-
	0.10 to 0.15%	*19*	-	-	*0.13%*	*0.11%*	-
	0.15 to 0.25%	65	-	-	0.19%	0.17%	1.35%
	0.25 to 0.50%	82	-	-	0.29%	0.33%	-
	0.50 to 0.75%	18	-	-	0.69%	0.66%	-
	0.75 to 2.50%	65	-	-	1.27%	1.14%	1.00%
	0.75 to 1.75%	*60*	-	-	*1.12%*	*1.05%*	*1.28%*
	1.75 to 2.50%	*5*	-	-	*2.11%*	*2.18%*	-
	2.50 to 10.00%	37	-	-	5.04%	4.10%	0.61%
	2.50 to 5.00%	*28*	-	-	*3.95%*	*3.15%*	*0.20%*
	5.00 to 10.00%	*9*	-	-	*8.23%*	*7.04%*	*1.03%*
	10.00 to 100.00%	8	2	25.00%	14.05%	17.90%	5.73%
	10.00 to 20.00%	*4*	-	-	*11.66%*	*12.90%*	*2.69%*
	20.00 to 30.00%	*4*	*2*	*50.00%*	*21.81%*	*22.90%*	*10.51%*
	30.00 to 100.00%	-	-	-	-	-	-
	100% (Default)	11			100.00%	100.00%	
Institutions	0.00 to 0.15%	729	-	-	0.05%	0.07%	0.05%
	0.00 to 0.10%	*517*	-	-	*0.04%*	*0.04%*	*0.05%*
	0.10 to 0.15%	*212*	-	-	*0.11%*	*0.11%*	*0.06%*

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtor**	**Average historical annual default rate**
	0.15 to 0.25%	212	-	-	0.18%	0.19%	0.25%
	0.25 to 0.50%	229	-	-	0.34%	0.35%	0.13%
	0.50 to 0.75%	91	-	-	0.58%	0.65%	0.25%
	0.75 to 2.50%	240	1	0.42%	1.26%	1.36%	0.28%
	0.75 to 1.75%	*195*	-	-	*1.12%*	*1.19%*	*0.21%*
	1.75 to 2.50%	*45*	*1*	*2.22%*	*1.88%*	*2.07%*	*0.60%*
	2.50 to 10.00%	119	-	-	4.67%	5.01%	0.69%
	2.50 to 5.00%	*66*	-	-	*3.70%*	*3.43%*	*0.43%*
	5.00 to 10.00%	*53*	-	-	*5.83%*	*6.98%*	*0.96%*
	10.00 to 100.00%	18	-	-	15.44%	14.61%	3.73%
	10.00 to 20.00%	*18*	-	-	*13.12%*	*14.61%*	*2.63%*
	20.00 to 30.00%	-	-	-	22.98%	-	6.79%
	30.00 to 100.00%	-	-	-	53.44%	-	-
	100% (Default)	32			100.00%	100.00%	

➤ TABLE 35: BACKTESTING OF PD ON CORPORATES PORTFOLIO (EU CR9)

		2020					
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Corporates - Specialised Lending	0.00 to 0.15%	133	-	-	0.08%	0.08%	-
	0.00 to 0.10%	*69*	-	-	*0.06%*	*0.06%*	-
	0.10 to 0.15%	*64*	-	-	*0.12%*	*0.12%*	-
	0.15 to 0.25%	132	-	-	0.18%	0.19%	-
	0.25 to 0.50%	550	1	0.18%	0.35%	0.35%	0.12%
	0.50 to 0.75%	273	1	0.37%	0.69%	0.67%	0.56%
	0.75 to 2.50%	955	12	1.26%	1.34%	1.23%	0.59%
	0.75 to 1.75%	*821*	*8*	*0.97%*	*1.18%*	*1.09%*	*0.43%*
	1.75 to 2.50%	*134*	*4*	*2.99%*	*2.07%*	*2.11%*	*1.36%*
	2.50 to 10.00%	374	7	1.87%	4.78%	3.89%	1.35%
	2.50 to 5.00%	*302*	*5*	*1.66%*	*3.24%*	*3.20%*	*1.17%*
	5.00 to 10.00%	*72*	*2*	*2.78%*	*6.34%*	*6.79%*	*1.69%*
	10.00 to 100.00%	38	3	7.89%	15.73%	17.71%	13.37%
	10.00 to 20.00%	*24*	*2*	*8.33%*	*15.18%*	*14.84%*	*11.30%*
	20.00 to 30.00%	*14*	*1*	*7.14%*	*21.90%*	*22.63%*	*21.91%*
	30.00 to 100.00%	-	-	-	-	-	-
	100% (Default)	69			100.00%	100.00%	

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Corporate - SME	0.00 to 0.15%	2,159	13	0.60%	0.07%	0.10%	0.16%
	0.00 to 0.10%	*958*	*11*	*1.15%*	*0.05%*	*0.07%*	*0.15%*
	0.10 to 0.15%	*1,201*	*2*	*0.17%*	*0.12%*	*0.13%*	*0.19%*
	0.15 to 0.25%	1,032	4	0.39%	0.17%	0.19%	0.22%
	0.25 to 0.50%	9,848	20	0.20%	0.35%	0.36%	0.32%
	0.50 to 0.75%	2,344	9	0.38%	0.66%	0.66%	0.69%
	0.75 to 2.50%	10,641	82	0.77%	1.29%	1.28%	1.44%
	0.75 to 1.75%	*9,399*	*67*	*0.71%*	*1.14%*	*1.17%*	*1.21%*
	1.75 to 2.50%	*1,242*	*15*	*1.21%*	*2.04%*	*2.10%*	*2.50%*
	2.50 to 10.00%	10,740	235	2.19%	4.21%	4.30%	3.81%
	2.50 to 5.00%	*7,992*	*128*	*1.60%*	*3.28%*	*3.35%*	*2.82%*
	5.00 to 10.00%	*2,748*	*107*	*3.89%*	*7.02%*	*7.05%*	*6.40%*
	10.00 to 100.00%	1,283	192	14.96%	17.51%	17.98%	18.51%
	10.00 to 20.00%	*698*	*88*	*12.61%*	*13.85%*	*13.80%*	*15.33%*
	20.00 to 30.00%	*570*	*97*	*17.02%*	*22.76%*	*22.22%*	*21.08%*
	30.00 to 100.00%	*15*	*7*	*46.67%*	*45.61%*	*51.83%*	*35.92%*
	100% (Default)	4,113			100.00%	100.00%	

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Corporates – Other	0.00 to 0.15%	5,894	8	0.14%	0.07%	0.08%	0.18%
	0.00 to 0.10%	*3,543*	*6*	*0.17%*	*0.05%*	*0.06%*	*0.09%*
	0.10 to 0.15%	*2,351*	*2*	*0.09%*	*0.11%*	*0.12%*	*0.11%*
	0.15 to 0.25%	4,069	1	0.02%	0.18%	0.18%	0.08%
	0.25 to 0.50%	9,077	14	0.15%	0.35%	0.36%	0.20%
	0.50 to 0.75%	3,354	13	0.39%	0.68%	0.65%	0.58%
	0.75 to 2.50%	12,802	100	0.78%	1.35%	1.34%	0.77%
	0.75 to 1.75%	*10,464*	*64*	*0.61%*	*1.17%*	*1.17%*	*0.63%*
	1.75 to 2.50%	*2,338*	*36*	*1.54%*	*2.08%*	*2.08%*	*1.40%*
	2.50 to 10.00%	8,978	170	1.89%	4.77%	4.53%	2.48%
	2.50 to 5.00%	*5,921*	*71*	*1.20%*	*3.37%*	*3.39%*	*1.81%*
	5.00 to 10.00%	*3,057*	*99*	*3.24%*	*6.75%*	*6.73%*	*3.90%*
	10.00 to 100.00%	1,105	133	12.04%	15.25%	18.26%	13.33%
	10.00 to 20.00%	*689*	*77*	*11.18%*	*13.96%*	*14.61%*	*10.84%*
	20.00 to 30.00%	*389*	*51*	*13.11%*	*22.46%*	*22.97%*	*17.36%*
	30.00 to 100.00%	*27*	*5*	*18.52%*	*40.97%*	*43.40%*	*22.16%*
	100% (Default)	3,140			100.00%	100.00%	

➤ TABLE 36: BACKTESTING OF PD ON RETAIL SECURED BY PROPERTY PORTFOLIO (EU CR9)

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Retail – Secured by residential immovable property	0.00 to 0.15%	547,266	372	0.07%	0.09%	0.07%	0.05%
	0.00 to 0.10%	*484,182*	*305*	*0.06%*	*0.08%*	*0.07%*	*0.04%*
	0.10 to 0.15%	*63,084*	*67*	*0.11%*	*0.12%*	*0.13%*	*0.11%*
	0.15 to 0.25%	99,827	119	0.12%	0.18%	0.20%	0.14%
	0.25 to 0.50%	351,854	1,521	0.43%	0.37%	0.38%	0.30%
	0.50 to 0.75%	145,709	653	0.45%	0.64%	0.64%	0.32%
	0.75 to 2.50%	125,408	1,625	1.30%	1.42%	1.44%	1.00%
	0.75 to 1.75%	*95,492*	*1,171*	*1.23%*	*1.24%*	*1.26%*	*0.85%*
	1.75 to 2.50%	*29,916*	*454*	*1.52%*	*2.12%*	*2.04%*	*1.47%*
	2.50 to 10.00%	49,950	2,058	4.12%	4.76%	5.04%	3.79%
	2.50 to 5.00%	*30,212*	*899*	*2.98%*	*3.65%*	*3.64%*	*2.51%*
	5.00 to 10.00%	*19,738*	*1,159*	*5.87%*	*6.89%*	*7.19%*	*6.13%*
	10.00 to 100.00%	20,108	4,155	20.66%	23.48%	23.12%	22.40%
	10.00 to 20.00%	*10,974*	*1,179*	*10.74%*	*13.69%*	*15.62%*	*13.55%*
	20.00 to 30.00%	*6,072*	*1,854*	*30.53%*	*24.56%*	*23.95%*	*29.43%*
	30.00 to 100.00%	*3,062*	*1,122*	*36.64%*	*47.48%*	*48.35%*	*41.83%*
	100% (Default)	33,629			100.00%	100.00%	

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Retail – Secured by commercial immovable property	0.00 to 0.15%	2,826	2	0.07%	0.09%	0.09%	0.13%
	0.00 to 0.10%	*1,721*	*1*	*0.06%*	*0.06%*	*0.06%*	*0.09%*
	0.10 to 0.15%	*1,105*	*1*	*0.09%*	*0.13%*	*0.13%*	*0.19%*
	0.15 to 0.25%	2,494	7	0.28%	0.19%	0.21%	0.21%
	0.25 to 0.50%	16,416	62	0.38%	0.38%	0.38%	0.40%
	0.50 to 0.75%	5,056	22	0.44%	0.57%	0.59%	0.34%
	0.75 to 2.50%	13,203	106	0.80%	1.40%	1.45%	0.72%
	0.75 to 1.75%	*10,088*	*72*	*0.71%*	*1.18%*	*1.26%*	*0.66%*
	1.75 to 2.50%	*3,115*	*34*	*1.09%*	*2.20%*	*2.06%*	*0.93%*
	2.50 to 10.00%	12,601	275	2.18%	5.03%	4.92%	2.24%
	2.50 to 5.00%	*6,690*	*116*	*1.73%*	*3.59%*	*3.76%*	*1.61%*
	5.00 to 10.00%	*5,911*	*159*	*2.69%*	*6.78%*	*6.23%*	*3.21%*
	10.00 to 100.00%	2,473	455	18.40%	19.49%	21.64%	16.23%
	10.00 to 20.00%	*1,169*	*142*	*12.15%*	*13.82%*	*14.42%*	*10.17%*
	20.00 to 30.00%	*1,131*	*263*	*23.25%*	*25.23%*	*24.80%*	*20.11%*
	30.00 to 100.00%	*173*	*50*	*28.90%*	*40.39%*	*49.74%*	*33.00%*
	100% (Default)	4,107			100.00%	100.00%	

➤ TABLE 37: BACKTESTING OF PD ON OTHER RETAIL PORTFOLIO (EU CR9)

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Retail – Revolving exposures	0.00 to 0.15%	1,771,153	3,039	0.17%	0.07%	0.06%	0.07%
	0.00 to 0.10%	*1,719,378*	*2,918*	*0.17%*	*0.07%*	*0.06%*	*0.07%*
	0.10 to 0.15%	*51,775*	*121*	*0.23%*	*0.12%*	*0.11%*	*0.14%*
	0.15 to 0.25%	259,246	1,585	0.61%	0.17%	0.22%	0.25%
	0.25 to 0.50%	226,117	2,214	0.98%	0.37%	0.38%	0.43%
	0.50 to 0.75%	152,004	1,767	1.16%	0.63%	0.62%	0.59%
	0.75 to 2.50%	282,734	6,887	2.44%	1.34%	1.34%	1.36%
	0.75 to 1.75%	*251,491*	*6,289*	*2.50%*	*1.29%*	*1.21%*	*1.29%*
	1.75 to 2.50%	*31,243*	*598*	*1.91%*	*2.34%*	*2.42%*	*1.95%*
	2.50 to 10.00%	219,658	17,222	7.84%	4.68%	4.85%	4.64%
	2.50 to 5.00%	*98,596*	*5,825*	*5.91%*	*3.37%*	*2.95%*	*3.10%*
	5.00 to 10.00%	*121,062*	*11,397*	*9.41%*	*7.22%*	*6.40%*	*6.01%*
	10.00 to 100.00%	36,325	11,132	30.65%	19.01%	24.70%	23.40%
	10.00 to 20.00%	*16,165*	*3,014*	*18.65%*	*13.07%*	*15.39%*	*13.13%*
	20.00 to 30.00%	*10,436*	*3,271*	*31.34%*	*23.54%*	*25.91%*	*25.34%*
	30.00 to 100.00%	*9,724*	*4,847*	*49.85%*	*47.93%*	*38.87%*	*39.29%*
	100% (Default)	180,523			100.00%	100.00%	

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Retail – Other SME	0.00 to 0.15%	66,399	78	0.12%	0.08%	0.10%	0.09%
	0.00 to 0.10%	*38,552*	*30*	*0.08%*	*0.07%*	*0.07%*	*0.06%*
	0.10 to 0.15%	*27,847*	*48*	*0.17%*	*0.13%*	*0.13%*	*0.12%*
	0.15 to 0.25%	99,676	329	0.33%	0.19%	0.20%	0.15%
	0.25 to 0.50%	93,214	434	0.47%	0.37%	0.36%	0.37%
	0.50 to 0.75%	63,453	453	0.71%	0.57%	0.57%	0.60%
	0.75 to 2.50%	181,590	3,739	2.06%	1.43%	1.41%	2.62%
	0.75 to 1.75%	*139,046*	*2,046*	*1.47%*	*1.21%*	*1.18%*	*1.23%*
	1.75 to 2.50%	*42,544*	*1,693*	*3.98%*	*2.17%*	*2.18%*	*5.88%*
	2.50 to 10.00%	149,027	7,956	5.34%	4.87%	5.25%	5.68%
	2.50 to 5.00%	*83,443*	*3,401*	*4.08%*	*3.62%*	*3.77%*	*4.74%*
	5.00 to 10.00%	*65,584*	*4,555*	*6.95%*	*7.48%*	*7.13%*	*7.11%*
	10.00 to 100.00%	27,811	6,390	22.98%	21.71%	21.52%	23.11%
	10.00 to 20.00%	*15,720*	*2,723*	*17.32%*	*14.59%*	*14.59%*	*15.82%*
	20.00 to 30.00%	*10,124*	*2,765*	*27.31%*	*27.56%*	*26.10%*	*28.56%*
	30.00 to 100.00%	*1,967*	*902*	*45.86%*	*51.31%*	*53.25%*	*44.11%*
	100% (Default)	123,389			100.00%	100.00%	

							2020
		Number of obligors at the beginning of the exercise					
Portfolio	**PD scale**		**of which: number of obligors which defaulted during the year**	**Observed average default rate**	**Exposures weighted average PD**	**Average PD weighted by the number of debtors**	**Average historical annual default rate**
Retail – Other non-SME	0.00 to 0.15%	536,857	429	0.08%	0.08%	0.06%	0.06%
	0.00 to 0.10%	*468,361*	*282*	*0.06%*	*0.08%*	*0.05%*	*0.04%*
	0.10 to 0.15%	*68,496*	*147*	*0.21%*	*0.12%*	*0.12%*	*0.15%*
	0.15 to 0.25%	163,913	639	0.39%	0.19%	0.21%	0.33%
	0.25 to 0.50%	347,092	2,764	0.80%	0.38%	0.37%	0.50%
	0.50 to 0.75%	140,681	901	0.64%	0.61%	0.63%	0.52%
	0.75 to 2.50%	484,524	10,828	2.23%	1.35%	1.27%	1.43%
	0.75 to 1.75%	*465,691*	*10,286*	*2.21%*	*1.18%*	*1.24%*	*1.34%*
	1.75 to 2.50%	*18,833*	*542*	*2.88%*	*2.06%*	*2.12%*	*3.37%*
	2.50 to 10.00%	139,371	10,659	7.65%	4.75%	4.98%	6.09%
	2.50 to 5.00%	*79,698*	*4,137*	*5.19%*	*3.56%*	*3.63%*	*3.87%*
	5.00 to 10.00%	*59,673*	*6,522*	*10.93%*	*7.49%*	*6.78%*	*9.44%*
	10.00 to 100.00%	31,184	7,387	23.69%	21.36%	21.48%	21.22%
	10.00 to 20.00%	*16,617*	*2,777*	*16.71%*	*13.36%*	*14.80%*	*15.51%*
	20.00 to 30.00%	*10,287*	*2,810*	*27.32%*	*23.53%*	*24.12%*	*24.15%*
	30.00 to 100.00%	*4,280*	*1,800*	*42.06%*	*47.33%*	*41.08%*	*39.84%*
	100% (Default)	274,145			100.00%	100.00%	

➤ BACKTESTING OF PD (EU CR9)

Portfolio	BNP Paribas rating	Long term issuer's credit rating	PD range	Arithmetical average PD (2019)	Number of non-defaulted obligors at the beginning of the exercise (2019)	Number of defaults among the non-defaulted obligors at the beginning of the exercise (2019)	Historic average default rates (2019)
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%

(*) Including the Banks, Insurance and Regulated funds & Agency arrangements portfolios.

(**) Including the Large corporates, Real Estate non-retail in France, Project financing and Energy and commodity financing portfolios.

➤ TABLE 38: BACKTESTING OF LGD

	2020	
Portfolio	**Arithmetical average of the estimated LGD**	**Historic arithmetic average of the observed LGD**
Sovereigns and public sector entities	25%	9%
Institutions(*)	31%	29%
Large corporates(**)	40%	26%
Individuals	67%	40%
Professionals and SME retail	47%	38%
SME corporate	33%	32%

	2019	
Portfolio	**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%

(*) Including the Banks, Insurance and Regulated funds & Agency arrangements portfolios.

(**) Including the Large corporates, Real Estate non-retail in France, Project financing and Energy and commodity financing portfolios.

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.

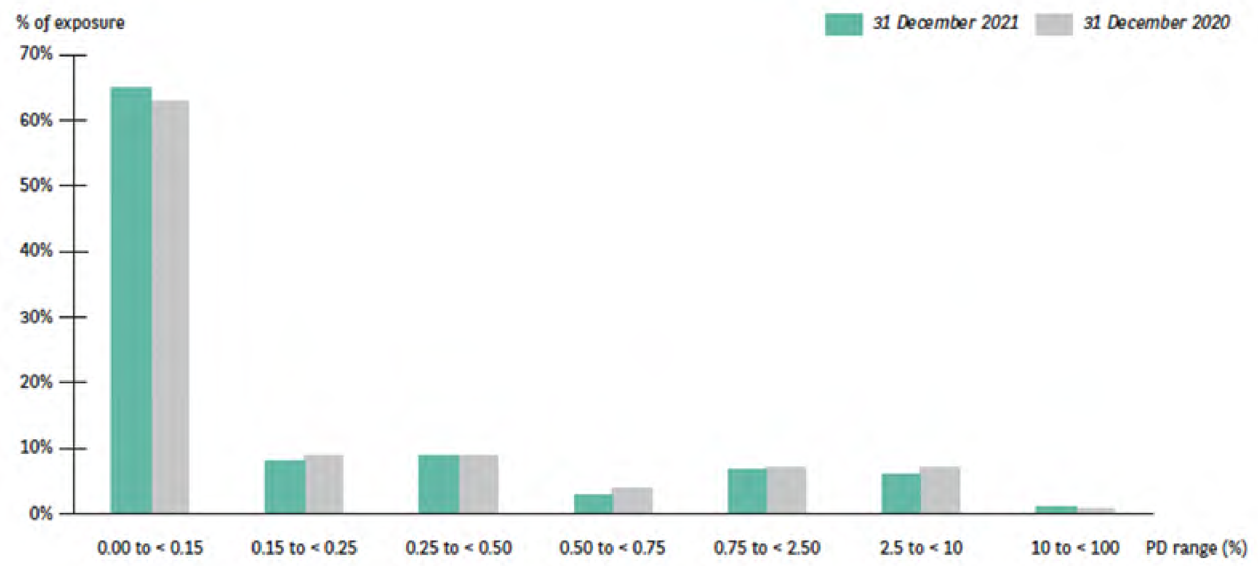
The same definition of default is used consistently throughout the Group for each asset class, in accordance with regulations.

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 27: *Indicative mapping of internal counterparty rating with agency rating scale and average expected PD*).

This exposure represented EUR 1,148 billion at 31 December 2021 compared with EUR 1,072 billion at 31 December 2020.

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.

➤ FIGURE 4: 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 1,159 billion at 31 December 2021, including EUR 1,048 billion of non-defaulted loans and EUR 11 billion of defaulted loans, compared with EUR 1,085 billion at 31 December 2020, including EUR 1,072 billion of non-defaulted loans and EUR 13 billion of defaulted loans.

The table also gives the average rates 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 “Estimated loss amount” 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 39: IRBA EXPOSURE BY PD SCALE AND ASSET CLASS – CENTRAL BANK, CENTRAL GOVERNMENT AND INSTITUTIONS PORTFOLIO (EU CR6)

31 December 2021

In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure before CCF	Weighted average CCF	EAD	Weighted average PD	Number of obligors	Weighted average LGD	Weighted average maturity	Risk-weighted assets(*)	Average weight	Amount of expected losses(**)	Value adjustments and provisions(**)
Central governments and central banks	0.00 to < 0.15%	461,043	1,105	55%	462,019	0%	100 to 1,000	2%	2	2,390	1%	3	
	0.00 to < 0.10%	*456,346*	*1,105*	*55%*	*457,322*	*0%*	*100 to 1,000*	*2%*	*2*	*1,360*	*0%*	*2*	
	0.10 to < 0.15%	*4,697*	*0*	*47%*	*4,697*	*0%*	*0 to 100*	*19%*	*4*	*1,030*	*22%*	*1*	
	0.15 to < 0.25%	1,293	3	45%	1,295	0%	0 to 100	13%	2	166	13%	0	
	0.25 to < 0.50%	2,619	197	55%	2,727	0%	0 to 100	26%	2	802	29%	2	
	0.50 to < 0.75%	886	664	55%	1,252	1%	0 to 100	16%	2	360	29%	1	
	0.75 to < 2.50%	588	157	55%	818	1%	0 to 100	15%	3	222	27%	1	
	0.75 to < 1.75%	*492*	*151*	*55%*	*718*	*1%*	*0 to 100*	*14%*	*3*	*182*	*25%*	*1*	
	1.75 to < 2.5%	*97*	*5*	*55%*	*99*	*2%*	*0 to 100*	*17%*	*3*	*40*	*41%*	*0*	
	2.50 to < 10.0%	398	153	55%	483	5%	0 to 100	4%	4	79	16%	1	
	2.5 to < 5%	*341*	*35*	*55%*	*360*	*4%*	*0 to 100*	*4%*	*4*	*58*	*16%*	*1*	
	5 to < 10%	*58*	*119*	*55%*	*123*	*8%*	*0 to 100*	*2%*	*5*	*21*	*17%*	*0*	
	10 to < 100%	409	180	55%	508	14%	0 to 100	12%	3	336	66%	12	
	10 to < 20%	*296*	*176*	*55%*	*392*	*12%*	*0 to 100*	*4%*	*4*	*86*	*22%*	*2*	
	20 to < 30%	*113*	*4*	*55%*	*116*	*22%*	*0 to 100*	*39%*	*2*	*250*	*216%*	*10*	
	100% (default)	40	5	55%	43	100%	0 to 100	21%	2	3	8%	9	
SUB-TOTAL		**467,277**	**2,464**	**55%**	**469,143**	**0%**		**2%**	**2**	**4,359**	**1%**	**30**	**(29)**

31 December 2021

In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Number of obligors**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of expected losses(**)**	**Value adjustments and provisions(**)**
Institutions	0.00 to < 0.15%	28,728	12,092	46%	34,524	0%	1,000 to 10,000	27%	2	5,384	16%	5	
	0.00 to < 0.10%	*27,210*	*11,476*	*46%*	*32,661*	*0%*	*1,000 to 10,000*	*27%*	*2*	*4,996*	*15%*	*4*	
	0.10 to < 0.15%	*1,519*	*615*	*49%*	*1,863*	*0%*	*100 to 1,000*	*24%*	*3*	*389*	*21%*	*1*	
	0.15 to < 0.25%	1,619	1,314	44%	2,202	0%	100 to 1,000	37%	2	755	34%	1	
	0.25 to < 0.50%	2,813	1,380	45%	3,436	0%	100 to 1,000	33%	2	1,820	53%	4	
	0.50 to < 0.75%	346	188	27%	397	1%	100 to 1,000	36%	2	231	58%	1	
	0.75 to < 2.50%	1,904	634	41%	2,170	1%	100 to 1,000	25%	2	946	44%	7	
	0.75 to < 1.75%	*1,467*	*525*	*41%*	*1,683*	*1%*	*100 to 1,000*	*25%*	*2*	*798*	*47%*	*5*	
	1.75 to < 2.5%	*436*	*109*	*43%*	*486*	*2%*	*100 to 1,000*	*26%*	*3*	*148*	*31%*	*3*	
	2.5 to < 10%	520	552	50%	795	5%	100 to 1,000	26%	2	715	90%	7	
	2.5 to < 5%	*302*	*239*	*40%*	*399*	*4%*	*100 to 1,000*	*33%*	*2*	*344*	*86%*	*3*	
	5 to < 10%	*219*	*313*	*57%*	*397*	*6%*	*100 to 1,000*	*18%*	*2*	*371*	*93%*	*5*	
	10 to < 100%	34	62	42%	60	15%	100 to 1,000	41%	1	130	216%	4	
	10 to < 20%	*26*	*55*	*43%*	*50*	*13%*	*0 to 100*	*41%*	*1*	*101*	*204%*	*3*	
	20 to < 30%	*7*	*7*	*32%*	*9*	*23%*	*0 to 100*	*47%*	*2*	*28*	*300%*	*1*	
	30 to < 100%	*1*	*0*	*0%*	*1*	*53%*	*0 to 100*	*17%*	*3*	*1*	*84%*	*0*	
	100% (default)	183	0	28%	183	100%	0 to 100	95%	4	3	2%	175	
SUB-TOTAL		**467,277**	**36,148**	**16,222**	**45%**	43,767	1%		**28%**	**2**	**9,983**	**23%**	**205**
TOTAL		**503,425**	**18,686**		**512,910**					**14,342**	**3%**	**234**	**(239)**

(*) 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.

➤ TABLE 40: IRBA EXPOSURE BY PD SCALE AND ASSET CLASS CORPORATE PORTOFOLIOS (EU CR6)

31 December 2021

In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Number of obligors**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**
Corporates - Specialised financing	0.00 to < 0.15 %	5,767	3,313	59%	7,725	0%	1,000 to 10,000	16%	4	1,475	19%	1	
	0.00 to < 0.10 %	*3,385*	*2,431*	*63%*	*4,921*	*0%*	*1,000 to 10,000*	*17%*	*3*	*987*	*20%*	*1*	
	0.10 to < 0.15 %	*2,383*	*882*	*48%*	*2,804*	*0%*	*100 to 1,000*	*13%*	*4*	*488*	*17%*	*0*	
	0.15 to < 0.25 %	5,853	2,501	42%	6,969	0%	100 to 1,000	17%	3	1,493	21%	2	
	0.25 to < 0.50 %	13,689	6,367	52%	16,991	0%	1,000 to 10,000	15%	4	4,843	29%	9	
	0.50 to < 0.75 %	7,392	3,573	51%	9,235	1%	100 to 1,000	15%	3	3,860	42%	10	
	0.75 to < 2.50 %	13,019	5,742	43%	15,467	1%	1,000 to 10,000	14%	3	6,611	43%	29	
	0.75 to < 1.75 %	*10,683*	*4,691*	*40%*	*12,580*	*1%*	*1,000 to 10,000*	*15%*	*3*	*5,432*	*43%*	*22*	
	1.75 to < 2.5%	*2,336*	*1,052*	*52%*	*2,887*	*2%*	*100 to 1,000*	*13%*	*3*	*1,179*	*41%*	*7*	
	2.50 to < 10.0 %	6,653	2,992	54%	8,278	5%	1,000 to 10,000	11%	3	3,375	41%	42	
	2.5 to < 5%	*3,154*	*1,952*	*52%*	*4,177*	*3%*	*100 to 1,000*	*12%*	*3*	*1,677*	*40%*	*16*	
	5 to < 10%	*3,499*	*1,040*	*58%*	*4,101*	*6%*	*100 to 1,000*	*10%*	*4*	*1,698*	*41%*	*26*	
	10 to < 100%	2,185	2,563	73%	4,057	16%	100 to 1,000	7%	4	1,578	39%	43	
	10 to < 20%	*1,868*	*2,542*	*73%*	*3,726*	*15%*	*100 to 1,000*	*6%*	*4*	*1,331*	*36%*	*33*	
	20 to < 30%	*317*	*21*	*70%*	*332*	*22%*	*0 to 100*	*13%*	*4*	*247*	*74%*	*10*	
	100% (default)	1,889	62	76%	1,936	100%	100 to 1,000	46%	2	195	10%	1,007	
SUB-TOTAL		**56,446**	**27,114**	**52%**	**70,658**	**5%**		**14%**	**3**	**23,429**	**33%**	**1,143**	**(1,135)**

31 December 2021

In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Number of obligors**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**
SME corporates	0.00 to < 0.15 %	1,938	1,834	54%	2,938	0%	1,000 to 10,000	33%	3	747	25%	1	
	0.00 to < 0.10 %	*1,145*	*1,552*	*56%*	*2,022*	*0%*	*1,000 to 10,000*	*33%*	*3*	*475*	*23%*	*0*	
	0.10 to < 0.15 %	*793*	*282*	*43%*	*917*	*0%*	*1,000 to 10,000*	*32%*	*3*	*272*	*30%*	*0*	
	0.15 to < 0.25 %	1,814	1,239	50%	2,463	0%	1,000 to 10,000	30%	3	769	31%	1	
	0.25 to < 0.50 %	7,572	1,774	54%	8,555	0%	10,000 to 20,000	28%	3	3,137	37%	9	
	0.50 to < 0.75 %	2,494	977	34%	2,836	1%	1,000 to 10,000	22%	3	1,121	40%	4	
	0.75 to < 2.50 %	9,358	2,077	46%	10,327	1%	20,000 to 30,000	26%	3	5,311	51%	33	
	0.75 to < 1.75 %	*7,845*	*1,859*	*44%*	*8,684*	*1%*	*10,000 to 20,000*	*26%*	*3*	*4,515*	*52%*	*26*	
	1.75 to < 2.5%	*1,513*	*217*	*57%*	*1,643*	*2%*	*1,000 to 10,000*	*21%*	*3*	*796*	*48%*	*7*	
	2.50 to < 10.0 %	9,542	8,116	38%	12,655	4%	20,000 to 30,000	32%	3	8,382	66%	162	
	2.5 to < 5%	*6,626*	*7,526*	*38%*	*9,495*	*3%*	*10,000 to 20,000*	*33%*	*3*	*5,744*	*61%*	*101*	
	5 to < 10%	*2,916*	*590*	*40%*	*3,161*	*7%*	*1,000 to 10,000*	*28%*	*3*	*2,638*	*83%*	*61*	
	10 to < 100%	1,145	99	43%	1,190	17%	1,000 to 10,000	26%	3	1,119	94%	53	
	10 to < 20%	*786*	*65*	*43%*	*816*	*14%*	*1,000 to 10,000*	*25%*	*3*	*742*	*91%*	*29*	
	20 to < 30%	*320*	*32*	*44%*	*334*	*23%*	*100 to 1,000*	*29%*	*3*	*354*	*106%*	*22*	
	30 to < 100%	39	2	46%	40	46%	0 to 100	15%	3	24	60%	3	
	100% (default)	*2,169*	*134*	*39%*	*2,224*	*100%*	*1,000 to 10,000*	*53%*	*3*	*798*	*36%*	*1,204*	
SUB-TOTAL		**36,033**	**16,249**	**43%**	**43,188**	**7%**		**29%**	**3**	**21,384**	**50%**	**1,468**	**(1,504)**

In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure before CCF	Weighted average CCF	EAD	Weighted average PD	Number of obligors	Weighted average LGD	Weighted average maturity	Risk-weighted assets(*)	Average weight	Amount of anticipated losses(**)	Value adjustments and provisions(**)
													31 December 2021
Other corporates	0.00 to < 0.15 %	72,571	143,233	48%	141,507	0%	30,000 to 40,000	35%	2	35,492	25%	36	
	0.00 to < 0.10 %	*46,093*	*107,389*	*48%*	*98,075*	*0%*	*30,000 to 40,000*	*34%*	*2*	*19,724*	*20%*	*18*	
	0.10 to < 0.15 %	*26,478*	*35,844*	*47%*	*43,432*	*0%*	*1,000 to 10,000*	*37%*	*2*	*15,767*	*36%*	*18*	
	0.15 to < 0.25 %	43,337	34,431	44%	58,594	0%	1,000 to 10,000	35%	2	20,759	35%	36	
	0.25 to < 0.50 %	*31,183*	*38,969*	*42%*	*47,613*	*0%*	*10,000 to 20,000*	*37%*	*2*	*26,378*	*55%*	*63*	
	0.50 to < 0.75 %	*12,000*	*14,904*	*29%*	*16,444*	*1%*	*1,000 to 10,000*	*30%*	*2*	*11,236*	*68%*	*33*	
	0.75 to < 2.50 %	30,159	18,411	44%	38,479	1%	20,000 to 30,000	29%	2	27,596	72%	150	
	0.75 to < 1.75 %	*23,671*	*14,879*	*43%*	*30,260*	*1%*	*10,000 to 20,000*	*30%*	*2*	*21,133*	*70%*	*105*	
	1.75 to < 2.5%	*6,488*	*3,532*	*47%*	*8,219*	*2%*	*1,000 to 10,000*	*27%*	*2*	*6,463*	*79%*	*45*	
	2.50 to < 10.0 %	25,015	21,156	45%	34,732	5%	10,000 to 20,000	32%	3	45,808	132%	411	
	2.5 to < 5%	*15,365*	*9,938*	*47%*	*20,164*	*3%*	*10,000 to 20,000*	*32%*	*3*	*19,979*	*99%*	*216*	
	5 to < 10%	*9,650*	*11,218*	*44%*	*14,569*	*7%*	*1,000 to 10,000*	*31%*	*3*	*25,830*	*177%*	*195*	
	10 to < 100%	4,332	4,489	47%	6,474	15%	1,000 to 10,000	26%	2	8,567	132%	258	
	10 to < 20%	*3,674*	*4,181*	*49%*	*5,719*	*14%*	*1,000 to 10,000*	*26%*	*2*	*7,601*	*133%*	*211*	
	20 to < 30%	*563*	*298*	*29%*	*652*	*22%*	*100 to 1,000*	*28%*	*2*	*895*	*137%*	*41*	
	30 to < 100%	*95*	*10*	*63%*	*103*	*41%*	*100 to 1,000*	*13%*	*2*	*71*	*69%*	*6*	
	100% (default)	5,789	1,092	49%	6,353	100%	1,000 to 10,000	52%	2	1,480	23%	3,838	
SUB-TOTAL		**224,387**	**276,685**	**45%**	**350,196**	**3%**		**34%**	**2**	**177,317**	**51%**	**4,824**	**(4,979)**
TOTAL		**316,866**	**320,048**		**464,043**					**222,130**	**48%**	**7,435**	**(7,618)**

(*) Add-on included.

													31 December 2021
In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Number of obligors**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**

(**) 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.

➤ 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**	**Off-balance sheet average CCF**	**EAD**	**Average PD**	**Number of obligors**	**Average LGD**	**Average residual maturity**	**Risk-weighted assets(*)**	**Average weight(*)**	**Amount of expected losses(**)**	**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% (defaults)	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	1,386	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% (defaults)	284	0	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	44,294	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% (defaults)	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**	**215,088**	**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.

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 commitments 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 0.65%. It is 1.32% for Corporates.

➤ TABLE 41: AVERAGE PD AND LGD OF THE CORPORATE ASSET CLASS BY GEOGRAPHIC REGION

	31 December 2021		
In millions of euros	Non-defaulted exposure	Average PD	Average LGD
Europe(*)	**438,697**	**1.32%**	**30%**
of which France	*138,215*	*1.40%*	*32%*
of which Belgium	*65,320*	*1.91%*	*19%*
of which Luxembourg	*24,042*	*0.92%*	*29%*
of which Italy	*60,014*	*1.06%*	*36%*
North America	**97,180**	**1.55%**	**29%**
Asia Pacific	**58,290**	**1.00%**	**35%**
Rest of the World	**31,612**	**1.27%**	**31%**
TOTAL	**625,779**	**1.32%**	**30%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

	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.

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.

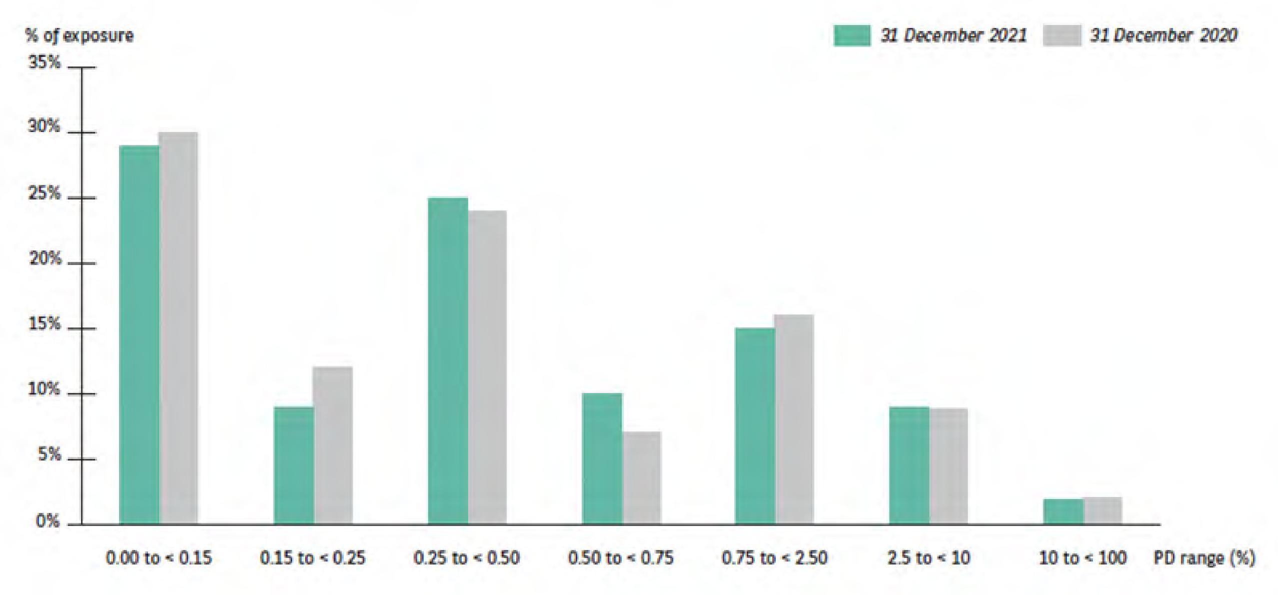
The majority of retail borrowers are assigned a behavioural score which serves as a basis to determine the probability of default and, for each transaction, the Global Recovery Rate (GRR) and exposure at default (EAD). These parameters are calculated every month on the basis of the most up-to-date information. 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 27: *Indicative mapping of internal counterparty rating with agency rating scale and average PD*).

This exposure to non-defaulted loans represents EUR 282 billion at 31 December 2021, an increase compared with EUR 275 billion at 31 December 2020.

➤ FIGURE 5: 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 291 billion as at 31 December 2021 compared with EUR 284 billion as at 31 December 2020.

➤ TABLE 42: IRBA EXPOSURE BY PD SCALE AND ASSET CLASS – RETAIL GUARANTEED BY REAL PROPERTY PORTFOLIO (EU CR6)

31 December 2021

In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure before CCF	Weighted average CCF	EAD	Weighted average PD	Weighted average LGD	Weighted average maturity	Risk-weighted assets(*)	Average Weight	Amount of anticipated losses(**)	Value adjustments and provisions(**)
Retail – secured by residential property	0.00 to < 0.15%	64,207	2,495	100%	66,702	0%	9%	5	1,551	2%	6	
	0.00 to < 0.10%	*57,254*	*2,172*	*100%*	*59,426*	*0%*	*9%*	*5*	*1,267*	*2%*	*5*	
	0.10 to < 0.15%	*6,953*	*323*	*100%*	*7,276*	*0%*	*12%*	*5*	*284*	*4%*	*1*	
	0.15 to < 0.25%	16,386	707	103%	17,115	0%	17%	5	1,354	8%	5	
	0.25 to < 0.50%	44,494	1,292	100%	45,786	0%	13%	5	4,430	10%	22	
	0.50 to < 0.75%	18,865	730	101%	19,603	1%	12%	5	6,573	34%	15	
	0.75 to < 2.50%	17,901	628	100%	18,530	1%	13%	5	4,948	27%	35	
	0.75 to < 1.75%	*14,204*	*469*	*100%*	*14,673*	*1%*	*13%*	*5*	*3,813*	*26%*	*24*	
	1.75 to < 2.5%	*3,697*	*159*	*100%*	*3,856*	*2%*	*13%*	*5*	*1,135*	*29%*	*11*	
	2.50 to < 10.0%	6,832	502	101%	7,338	5%	14%	5	4,435	60%	54	
	2.5 to < 5%	*4,355*	*464*	*101%*	*4,822*	*4%*	*14%*	*5*	*2,091*	*43%*	*25*	
	5 to < 10%	*2,478*	*39*	*100%*	*2,516*	*7%*	*14%*	*5*	*2,344*	*93%*	*29*	
	10 to < 100%	1,693	29	100%	1,722	23%	14%	5	1,577	92%	58	
	10 to < 20%	*949*	*13*	*100%*	*962*	*14%*	*14%*	*5*	*848*	*88%*	*18*	
	20 to < 30%	*377*	*7*	*100%*	*385*	*25%*	*13%*	*5*	*433*	*113%*	*12*	
	30 to < 100%	*366*	*9*	*100%*	*375*	*47%*	*15%*	*5*	*296*	*79%*	*27*	
	100% (default)	2,516	5	95%	2,520	100%	34%	3	1,068	42%	761	
SUB-TOTAL		**172,895**	**6,389**	**100%**	**179,316**	**2%**	**12%**	**5**	**25,936**	**14%**	**956**	**(964)**

31 December 2021

In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure before CCF	Weighted average CCF	EAD	Weighted average PD	Weighted average LGD	Weighted average maturity	Risk-weighted assets(*)	Average Weight	Amount of anticipated losses(**)	Value adjustments and provisions(**)
Retail – secured by commercial property	0.00 to < 0.15%	219	27	56%	238	0%	25%	4	10	4%	0	
	0.00 to < 0.10%	*128*	*14*	*60%*	*140*	*0%*	*27%*	*4*	*5*	*4%*	*0*	
	0.10 to < 0.15%	*90*	*12*	*51%*	*99*	*0%*	*23%*	*4*	*5*	*5%*	*0*	
	0.15 to < 0.25%	365	39	70%	405	0%	20%	4	26	6%	0	
	0.25 to < 0.50%	3,425	160	68%	3,559	0%	26%	5	502	14%	4	
	0.50 to < 0.75%	861	276	22%	934	1%	17%	4	136	15%	1	
	0.75 to < 2.50%	3,080	370	41%	3,263	1%	16%	4	673	21%	8	
	0.75 to < 1.75%	*2,391*	*285*	*38%*	*2,527*	*1%*	*16%*	*4*	*472*	*19%*	*5*	
	1.75 to < 2.5%	*689*	*85*	*50%*	*737*	*2%*	*16%*	*4*	*200*	*27%*	*3*	
	2.50 to < 10.0%	1,934	184	39%	2,021	5%	19%	4	998	49%	19	
	2.5 to < 5%	*1,033*	*75*	*51%*	*1,080*	*4%*	*19%*	*4*	*475*	*44%*	*8*	
	5 to < 10%	*901*	*109*	*30%*	*940*	*7%*	*18%*	*4*	*523*	*56%*	*12*	
	10 to < 100%	443	27	43%	457	19%	19%	4	377	82%	17	
	10 to < 20%	*298*	*20*	*41%*	*309*	*14%*	*19%*	*4*	*240*	*78%*	*8*	
	20 to < 30%	*87*	*4*	*52%*	*90*	*25%*	*22%*	*4*	*93*	*104%*	*5*	
	30 to < 100%	*57*	*3*	*46%*	*59*	*40%*	*17%*	*4*	*44*	*74%*	*4*	
	100% (default)	373	7	37%	377	100%	42%	3	192	51%	139	
SUB-TOTAL		**10,700**	**1,089**	**41%**	**11,254**	**6%**	**21%**	**4**	**2,914**	**26%**	**188**	**(161)**
TOTAL		**183,595**	**7,478**		**190,570**				**28,850**	**15%**	**1,144**	**(1,126)**

(*) 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.

➤ TABLE 43: IRBA EXPOSURE BY PD SCALE AND ASSET CLASS – OTHER RETAIL PORTFOLIOS (EU CR6)

		31 December 2021										
In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**
Retail – revolving exposures	0.00 to < 0.15%	82	2,315	87%	2,290	0%	76%	1	88	4%	1	
	0.00 to < 0.10%	*59*	*2,039*	*92%*	*2,118*	*0%*	*76%*	*1*	*79*	*4%*	*1*	
	0.10 to < 0.15%	*24*	*276*	*49%*	*172*	*0%*	*69%*	*1*	*9*	*5%*	*0*	
	0.15 to < 0.25%	49	3,020	72%	2,246	0%	34%	1	79	4%	1	
	0.25 to < 0.50%	273	2,322	47%	1,458	0%	51%	1	129	9%	3	
	0.50 to < 0.75%	50	1,500	46%	767	1%	52%	1	105	14%	2	
	0.75 to < 2.50%	408	974	51%	948	1%	57%	1	282	30%	7	
	0.75 to < 1.75%	*397*	*944*	*50%*	*909*	*1%*	*56%*	*1*	*257*	*28%*	*6*	
	1.75 to < 2.5%	*11*	*30*	*75%*	*39*	*2%*	*77%*	*1*	*25*	*63%*	*1*	
	2.5 to < 10%	1,953	1,119	73%	2,790	5%	49%	1	1,469	53%	64	
	2.5 to < 5%	*1,217*	*868*	*71%*	*1,841*	*3%*	*48%*	*1*	*847*	*46%*	*30*	
	5 to < 10%	*736*	*251*	*82%*	*949*	*7%*	*51%*	*1*	*622*	*66%*	*35*	
	10 to < 100%	912	225	84%	1,111	19%	52%	1	1,072	97%	111	
	10 to < 20%	*656*	*168*	*90%*	*810*	*13%*	*50%*	*1*	*730*	*90%*	*53*	
	20 to < 30%	*131*	*44*	*57%*	*159*	*24%*	*60%*	*1*	*135*	*85%*	*23*	
	30 to < 100%	*125*	*13*	*103%*	*142*	*48%*	*52%*	*1*	*207*	*146%*	*35*	
	100% (default)	751	69	56%	815	100%	65%	1	411	50%	536	
SUB-TOTAL		**4,479**	**11,545**	**65%**	**12,425**	**10%**	**53%**	**1**	**3,635**	**29%**	**727**	**(667)**

													31 December 2021
In millions of euros	**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**
Retail – SME	0.00 to < 0.15%	2,738	676	81%	3,333	0%	30%	2	183	5%	1	
	0.00 to < 0.10%	*2,054*	*387*	*78%*	*2,389*	*0%*	*29%*	*2*	*107*	*4%*	*0*	
	0.10 to < 0.15%	*684*	*290*	*84%*	*943*	*0%*	*31%*	*2*	*77*	*8%*	*0*	
	0.15 to < 0.25%	2,473	381	84%	2,856	0%	26%	3	256	9%	2	
	0.25 to < 0.50%	7,637	1,459	89%	9,041	0%	29%	4	1,332	15%	10	
	0.50 to < 0.75%	2,089	1,097	45%	2,618	1%	31%	3	2,368	90%	5	
	0.75 to < 2.50%	6,193	2,077	65%	7,645	1%	28%	3	2,044	27%	30	
	0.75 to < 1.75%	*4,660*	*1,777*	*62%*	*5,834*	*1%*	*28%*	*3*	*1,527*	*26%*	*20*	
	1.75 to < 2.5%	*1,533*	*301*	*86%*	*1,811*	*2%*	*26%*	*3*	*516*	*29%*	*11*	
	2.50 to < 10.0%	5,307	1,105	71%	6,174	5%	28%	3	1,804	29%	87	
	2.5 to < 5%	*3,607*	*575*	*87%*	*4,155*	*4%*	*27%*	*3*	*1,330*	*32%*	*41*	
	5 to < 10%	*1,700*	*530*	*54%*	*2,019*	*7%*	*29%*	*3*	*475*	*24%*	*47*	
	10 to < 100%	819	122	85%	943	22%	30%	3	515	55%	63	
	10 to < 20%	*499*	*91*	*82%*	*585*	*15%*	*30%*	*3*	*292*	*50%*	*26*	
	20 to < 30%	*240*	*27*	*92%*	*270*	*28%*	*30%*	*3*	*169*	*63%*	*23*	
	30 to < 100%	*80*	*4*	*102%*	*87*	*51%*	*31%*	*2*	*54*	*62%*	*14*	
	100% (default)	2,123	102	88%	2,260	100%	54%	1	1,188	53%	1,233	
SUB-TOTAL		**29,380**	**7,019**	**71%**	**34,868**	**8%**	**28%**	**3**	**9,689**	**28%**	**1,430**	**(1,431)**

		31 December 2021											
In millions of euros		**PD range**	**Balance sheet exposure**	**Off-balance sheet exposure before CCF**	**Weighted average CCF**	**EAD**	**Weighted average PD**	**Weighted average LGD**	**Weighted average maturity**	**Risk-weighted assets(*)**	**Average weight**	**Amount of anticipated losses(**)**	**Value adjustments and provisions(**)**
Retail – Other (non-SME)		0.00 to < 0.15%	7,054	2,041	82%	8,818	0%	39%	3	848	10%	3	
		0.00 to < 0.10%	*5,896*	*1,636*	*83%*	*7,336*	*0%*	*39%*	*3*	*672*	*9%*	*2*	
		0.10 to < 0.15%	*1,158*	*404*	*79%*	*1,482*	*0%*	*37%*	*3*	*175*	*12%*	*1*	
		0.15 to < 0.25%	2,184	915	101%	3,134	0%	39%	3	559	18%	2	
		0.25 to < 0.50%	8,728	1,677	98%	10,456	0%	38%	3	3,225	31%	15	
		0.50 to < 0.75%	3,471	479	91%	3,937	1%	38%	3	1,471	37%	9	
		0.75 to < 2.50%	9,249	1,293	99%	10,614	1%	40%	2	5,667	53%	57	
		0.75 to < 1.75%	*7,303*	*1,206*	*99%*	*8,579*	*1%*	*41%*	*2*	*4,439*	*52%*	*41*	
		1.75 to < 2.5%	*1,947*	*86*	*94%*	*2,035*	*2%*	*39%*	*2*	*1,228*	*60%*	*16*	
		2.5 to < 10%	6,013	328	109%	6,402	5%	44%	2	4,444	69%	136	
		2.5 to < 5%	*4,200*	*211*	*117%*	*4,473*	*4%*	*42%*	*2*	*2,947*	*66%*	*68*	
		5 to < 10%	*1,813*	*117*	*94%*	*1,929*	*8%*	*47%*	*2*	*1,497*	*78%*	*68*	
		10 to < 100%	1,386	59	95%	1,448	21%	45%	2	1,383	95%	140	
		10 to < 20%	*837*	*44*	*98%*	*884*	*13%*	*45%*	*2*	*777*	*88%*	*53*	
		20 to < 30%	*314*	*3*	*98%*	*318*	*24%*	*47%*	*2*	*324*	*102%*	*35*	
		30 to < 100%	*235*	*12*	*81%*	*246*	*47%*	*45%*	*2*	*282*	*115%*	*53*	
		100% (default)	2,573	25	89%	2,598	100%	64%	2	1,431	55%	1,645	
SUB-TOTAL			**40,659**	**6,816**	**94%**	**47,407**	**7%**	**40%**	**3**	**19,026**	**40%**	**2,008**	**(1,975)**
TOTAL			**74,518**	**25,380**		**94,699**				**32,351**	**34%**	**4,164**	**(4,073)**

(*) 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.

➤ IRBA EXPOSURE BY PD SCALE AND ASSET CLASS – RETAIL PORTFOLIO (EU CR6)

		31 December 2020											
In millions of euros	PD scale	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Off-balance average CCF	EAD	Average PD	Average LGD	Average maturity	Risk-weighted assets(*)	Average weight(*)	Amount of expected losses(**)	Value adjustments and 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% (defaults)	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	2,617	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% (defaults)	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)**

In millions of euros	PD scale	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Off-balance average CCF	EAD	Average PD	Average LGD	Average maturity	Risk-weighted assets(*)	Average weight(*)	Amount of expected losses(**)	Value adjustments and provisions(**)
													31 December 2020
Other exposures	0.00 to < 0.15%	8,692	2,362	11,054	82%	10,873	0.08%	37%	3	939	9%	3	
	0.15 to < 0.25%	4,893	1,306	6,199	97%	6,246	0.20%	34%	3	916	15%	4	
	0.25 to < 0.50%	13,454	2,600	16,054	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% (defaults)	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**	**284,357**	**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.

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 1.28%. 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.

➤ TABLE 44: AVERAGE PD AND LGD OF THE RETAIL PORTFOLIO BY GEOGRAPHIC REGION

	31 December 2021		
In millions of euros	**Non-defaulted exposure**	**Average PD**	**Average LGD**
Europe(*)	**282,026**	**1.28%**	**20%**
of which France	*147,584*	*1.19%*	*20%*
of which Belgium	*81,263*	*1.15%*	*18%*
of which Luxembourg	*9,095*	*0.73%*	*23%*
of which Italy	*34,745*	*1.43%*	*22%*
North America	**138**	**n.s.**	**n.s.**
Asia Pacific	**74**	**n.s.**	**n.s.**
Rest of the World	**189**	**n.s.**	**n.s.**
TOTAL	**282,427**	**1.28%**	**20%**

(*) Within the European Union and the European Free Trade Association (EFTA) and the United Kingdom.

	31 December 2020		
In millions of euros	**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 and 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 Group uses the correspondence tables published by the EBA and the ACPR to compare the external ratings and weighting rates used to calculate risk-weighted assets specific to each exposure class:

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 2021, standardised approach exposure represented 23% of the BNP Paribas Group's total gross exposures to credit risk. This breakdown is stable compared to 31 December 2020.

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.

Since 30 June 2021, exposures in the form of units or shares of collective investment undertakings (UCI) are treated in accordance with the provisions of Articles 132 to 132 *quater* (transparency approach) of Regulation (EU) 2019/876. The underlying exposures of these UCI units, for which the exposure at default (after application of the CCF) of the underlying assets reached EUR 4 billion as of 31 December 2021, are treated according to the standardised approach and presented in tables CR4 and CR5, mainly in the line "Equity".

➤ TABLE 45: STANDARDISED CREDIT RISK EXPOSURE BY STANDARD EXPOSURE CLASS (EU CR4)

	31 December 2021							
	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	41,953	23	41,917	23	47,181	6	6,529	14%
Regional government or local authorities	3,172	2,253	3,166	2,253	2,663	535	624	20%
Public sector entities	17,895	1,704	17,891	1,704	18,539	420	2,194	12%
Multilateral development banks	185	0	185	0	185	0	-	0%
International organisations	740	25	740	25	740	25	-	0%
Institutions	10,980	1,267	10,977	1,266	11,764	602	4,422	36%
Corporates	79,362	37,736	78,911	37,641	70,568	13,314	67,767	81%
Retail	96,772	29,278	95,686	29,224	91,667	2,841	64,863	69%
Exposures secured by mortgages on immovable property	56,213	6,662	55,618	6,634	51,246	1,536	23,067	44%
Exposures in default	10,684	379	5,040	334	4,915	143	5,595	111%
Exposures associated with particularly high risk(*)	719	626	699	625	592	296	1,310	148%
Collective investment undertakings	1	-	1	-	1	-	1	100%
Equity	2,036	2,353	2,036	2,353	2,036	901	7,790	265%
Other items	40,849	1,067	40,849	1,067	40,849	985	21,586	52%
TOTAL	**361,561**	**83,375**	**353,716**	**83,148**	**342,946**	**21,603**	**205,747**	**56%**

(*) Exposures in the property development sector for which risk profile may be influenced by market conditions.

	31 December 2020				
In millions of euros	Gross exposure	Exposure net of provisions	EAD	RWAs	RWA density

	Balance sheet	**Off-balance sheet**	**Balance sheet**	**Off-balance sheet**	**Balance sheet**	**Off-balance sheet**		
Central governments or central banks	32,638	20	32,594	20	36,972	5	6,454	17%
Regional government 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%
Exposures associated with particularly high risk(*)	516	556	507	553	451	267	1,068	149%
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%**

(*) Exposures in the property development sector for which risk profile may be influenced by market conditions.

Excluding currency effects, outstanding loans under the standardised approach increased slightly in 2021, mainly due to the increase in outstandings on central governments and central banks (+EUR 10 billion), and an increase on Retail (+EUR 3 billion).

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 365 billion at 31 December 2021 compared to EUR 332 billion at 31 December 2020.

➤ TABLE 46: STANDARDISED CREDIT EXPOSURE AT DEFAULT (EU CR5)

	31 December 2021											
	EAD (on-balance and off-balance)											
Risk weight ***In millions of euros***	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**370%**	**1,250%**	**Other**	**Total**	**of which unrated(*)**
Central governments or central banks	40,376	192	-	257	-	6,361	1	-	-	-	**47,187**	21,819
Regional government or local authorities	375	2,750	-	0	-	74	-	-	-	-	**3,199**	1,054
Public sector entities	11,825	6,118	-	75	-	941	0	-	-	-	**18,959**	11,984
Multilateral development banks	185	0	-	-	-	-	-	-	-	-	**185**	-
International organisations	765	-	-	-	-	-	-	-	-	-	**765**	34
Institutions	-	8,458	-	2,315	-	1,553	41	-	-	-	**12,366**	580
Corporates	790	11,907	2,793	6,047	-	61,206	1,137	-	-	-	**83,881**	56,414
Retail	-	-	4,006	-	90,502	-	-	-	-	-	**94,508**	94,508
Secured by mortgages on immovable property	-	-	29,476	18,091	2,378	2,803	34	-	-	-	**52,782**	35,309
Exposures in default	-	-	-	-	-	3,985	1,073	-	-	-	**5,058**	5,021
Exposures associated with particularly high risk(**)	-	-	-	-	-	-	888	-	-	-	**888**	-
Unit or shares in collective investment undertakings	-	-	-	-	-	1	-	-	-	-	**1**	1
Equity	-	-	-	-	-	-	-	97	123	2,716	**2,936**	2,936
Other items	16,285	88	-	951	-	16,164	-	-	-	8,346	**41,834**	25,890
TOTAL	**70,602**	**29,512**	**36,275**	**27,736**	**92,880**	**93,087**	**3,174**	**97**	**123**	**11,061**	**364,549**	**255,550**

(*) Exposures to counterparties without a credit rating from external rating agencies.
(**) Exposures in the property development sector for which risk profile may be influenced by market conditions.

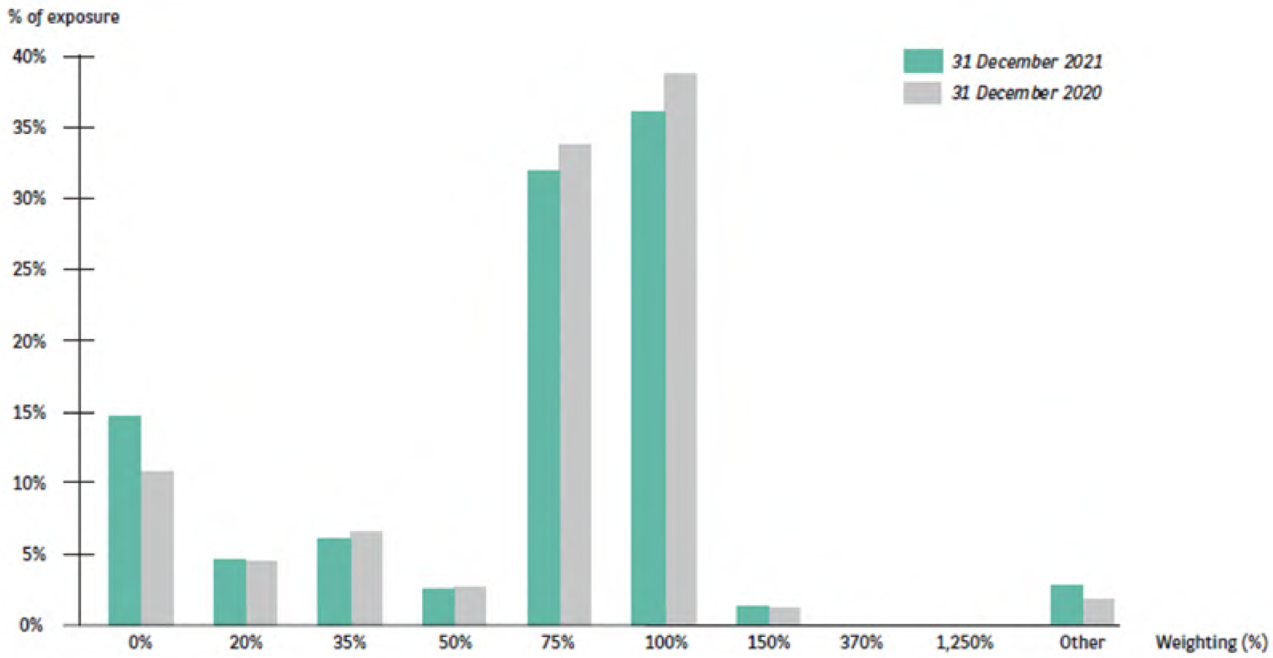
												31 December 2020
	EAD (on-balance and off-balance)											
Risk weight ***In millions of euros***	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**370%**	**1,250%**	**Other**	**Total**	**of which unrated(*)**
Central governments or central banks	30,306	121	-	242	-	6,307	1			-	**36,977**	12,424
Regional government 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
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
Exposures associated with particularly high risk(**)	-	-	-	-	-	-	718			-	**718**	-
Unit 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.

(**) Exposures in the property development sector for which risk profile may be influenced 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 6: 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 2021 amounted to EUR 14.4 billion, *versus* EUR 17.0 billion at 31 December 2020.

Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment (UCIs) are treated in accordance with the provisions of Articles 132 to 132c of Regulation (EU) No. 2019/876 (transparency approach) and no longer using the simple weighting method. The underlying exposures of these UCI units are treated according to the standardised approach and presented in tables CR4 and CR5, mainly in the line "Equity" (see previous section).

Scope

The equities 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 equities, including shares in investment funds;
- embedded options of convertible bonds, redeemable or exchangeable for equities;
- equity options;
- Super Subordinated Securities;
- private funds on given 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 4.3 billion at 31 December 2021 compared with EUR 3.9 billion at 31 December 2020);
- exposures in the form of units or shares of undertakings for collective investment (UCI) treated according to the transparency approach in accordance with the provisions of Articles 132 to 132c of Regulation (EU) No. 2019/876 (exposure of EUR 5.5 billion at 31 December 2021 compared with EUR 0.8 billion at 31 December 2020).

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 48: *Insurance undertakings (EU INS1)*). Furthermore, this risk weight is also applied to unlisted investments in non-diversified portfolios.

➤ TABLE 47: EQUITY POSITIONS UNDER THE SIMPLE WEIGHTING METHOD (EU CR10)

	31 December 2021					
In millions of euros	On-balance sheet gross exposure	Off-balance sheet gross exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	1,207	80	190%	1,247	2,370	10
Exchange-traded equity exposures	1,057	0	290%	1,057	3,066	8
Other equity exposures	12,051	0	370%	12,051	44,589	289
TOTAL	**14,316**	**80**		**14,356**	**50,025**	**308**

	31 December 2020					
In millions of euros	On-balance sheet gross exposure	Off-balance sheet gross exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	2,037	990	190%	2,532	4,811	20
Exchange-traded equity exposures	1,167	85	290%	1,210	3,508	10
Other equity exposures	12,554	169	370%	12,638	46,762	303
TOTAL	**15,758**	**1,243**		**16,380**	**55,081**	**333**

The decrease of -EUR 5 billion in risk-weighted assets in 2021 is mainly linked to exposures in the form of units or shares of collective investment undertakings, now treated according to the transparency approach and no longer according to the simple weighting method (see previous section).

The Group does not use the simple weighting method for specialised lending portfolios.

➤ TABLE 48: INSURANCE UNDERTAKINGS (EU INS1)

In millions of euros	31 December 2021	31 December 2020
Holdings in insurance companies(*) (before 370% risk weight)	7,723	8,184

TOTAL RISK-WEIGHTED ASSETS	**28,575**	**30,280**

(*) 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 less than 10 basis points in the CET1 ratio.

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 definition of impaired loans (stage 3) is presented in note 1.e.5 *Definition of default*.

The following table shows the carrying amount of performing and non-performing[1] financial assets included in the prudential consolidation scope.

An exposure is deemed to be non-performing when it falls into one of the following categories:

- exposures in default;
- 90 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 this part, in accordance with the Commission Implementing Regulation (EU) No. 2021/637, the scope of the tables in this section includes the following items:

- current accounts with central banks (cash accounts are not considered);
- loans and receivables and debt securities at amortised cost;
- loans and receivables and debt securities at fair value through equity;
- loans and receivables and debt securities at fair value through profit or loss excluding the trading portfolio
- financing and guarantee commitments outside the trading portfolio.

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.

In addition, in accordance with Appendix III and V of Implementing Regulation (EU) No. 680/2014 regarding supervisory reporting of financial institutions, the assets of activities held for sale[3] for the items listed above, are presented on a separate line in the tables.

[1] *At 31 December 2021, the Group's non-performing loans ratio was 2.3%, compared with 2.8% at 31 December 2020. 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.*

[3] *See note 7.d Discontinued activities to the consolidated financial statements.*

➤ TABLE 49: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1) [Audited]

														31 December 2021
	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures				
In millions of euros		of which stage 1	of which stage 2		of which stages 1 & 2	of which stage 3		of which stage 1	of which stage 2		of which stages 1 & 2	of which stage 3	On performing exposures	On non-performing exposures
Current accounts at central banks and other demand deposits	**354,453**	**354,163**	**290**	**9**	**1**	**8**	**(22)**	**(16)**	**(6)**	**(4)**	**-**	**(4)**	**287**	**-**
Loans and advances	**852,797**	**748,331**	**104,466**	**28,994**	**390**	**28,604**	**(4,578)**	**(1,881)**	**(2,697)**	**(15,517)**	**(6)**	**(15,511)**	**494,028**	**8,907**
Central banks	2,885	2,883	2	-	-	-	-	-	-	-	-	-	1,674	-
General governments	28,873	27,293	1,580	209	116	93	(20)	(5)	(15)	(29)	(3)	(26)	7,743	120
Credit institutions	10,071	9,905	166	78	-	78	(11)	(10)	(1)	(74)	-	(74)	3,003	1
Other financial corporations	91,970	87,352	4,618	1,066	7	1,059	(159)	(54)	(105)	(672)	-	(672)	15,584	301
Non-financial corporations	402,999	340,888	62,111	14,607	234	14,373	(2,063)	(607)	(1,456)	(8,182)	(2)	(8,180)	240,729	5,018
Of which: SMEs	*121,242*	*100,494*	*20,748*	*5,678*	*73*	*5,605*	*(820)*	*(269)*	*(551)*	*(2,797)*	*(1)*	*(2,796)*	*85,405*	*2,332*
Households	315,999	280,010	35,989	13,034	33	13,001	(2,325)	(1,205)	(1,120)	(6,560)	(1)	(6,559)	225,295	3,467
Debt Securities	**155,295**	**154,680**	**615**	**491**	**-**	**491**	**(81)**	**(27)**	**(54)**	**(278)**	**-**	**(278)**	**924**	**25**
Central banks	6,274	6,250	24	1	-	1	-	-	-	(1)	-	(1)	-	-
General governments	110,911	110,680	231	7	-	7	(29)	(25)	(4)	-	-	-	-	-
Credit institutions	15,907	15,907	-	102	-	102	-	-	-	(101)	-	(101)	924	-
Other financial corporations	18,582	18,258	324	146	-	146	(50)	(1)	(49)	(32)	-	(32)	-	-
Non-financial corporations	3,621	3,585	36	235	-	235	(2)	(1)	(1)	(144)	-	(144)	-	25
Assets held for sale	**85,135**	**80,765**	**4,370**	**409**	**-**	**409**	**(389)**	**(172)**	**(217)**	**(87)**	**-**	**(87)**	**44,531**	**271**
Off-balance sheet exposures	**536,752**	**502,063**	**34,689**	**1,951**	**18**	**1,933**	**(603)**	**(230)**	**(373)**	**(354)**	**-**	**(354)**	**116,926**	**259**
Central banks	20,209	20,207	2	-	-	-	-	-	-	-	-	-	18,283	-

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	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures				
In millions of euros		**of which stage 1**	**of which stage 2**		**of which stages 1 & 2**	**of which stage 3**		**of which stage 1**	**of which stage 2**		**of which stages 1 & 2**	**of which stage 3**	**On performing exposures**	**On non-performing exposures**
General governments	34,137	32,701	1,436	8	-	8	(8)	(1)	(7)	-	-	-	22,896	1
Credit institutions	13,513	12,976	537	-	-	-	(11)	(4)	(7)	-	-	-	300	-
Other financial corporations	79,424	76,596	2,828	50	-	50	(35)	(16)	(19)	(16)	-	(16)	22,455	2
Non-financial corporations	332,992	304,779	28,213	1,660	14	1,646	(458)	(150)	(308)	(328)	-	(328)	49,284	251
Households	56,477	54,804	1,673	233	4	229	(91)	(59)	(32)	(10)	-	(10)	3,708	5
TOTAL	**1,984,432**	**1,840,002**	**144,430**	**31,854**	**409**	**31,445**	**(5,673)**	**(2,326)**	**(3,347)**	**(16,240)**	**(6)**	**(16,234)**	**656,696**	**9,462**

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	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures				
In millions of euros		**of which stage 1**	**of which stage 2**		**of which stages 1 & 2**	**of which stage 3**		**of which stage 1**	**of which stage 2**		**of which stages 1 & 2**	**of which stage 3**	**On performing exposures**	**On non-performing exposures**
Current accounts at central banks and other demand deposits	**312,991**	**312,266**	**725**	**6**	**-**	**6**	**(26)**	**(19)**	**(7)**	**(4)**	**-**	**(4)**		
Loans and advances	**841,600**	**750,510**	**91,090**	**33,486**	**3,001**	**30,485**	**(5,139)**	**(2,350)**	**(2,789)**	**(16,465)**	**(374)**	**(16,091)**		
Central banks	2,975	2,911	64	-	-	-	-	-	-	-	-	-		
General governments	27,951	26,413	1,538	525	408	117	(20)	(7)	(13)	(37)	(10)	(27)		
Credit institutions	8,840	8,618	222	77	2	75	(18)	(13)	(5)	(69)	-	(69)		
Other financial corporations	76,278	70,786	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)		

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	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures				
In millions of euros		of which stage 1	of which stage 2		of which stages 1 & 2	of which stage 3		of which stage 1	of which stage 2		of which stages 1 & 2	of which stage 3	On performing exposures	On non-performing exposures
Of which: SMEs	*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)**		

Changes in the stock of non-performing loans and advances (EUCR2) are presented in note 4.f to the financial statements.

➤ TABLE 50: PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS (EU CQ3) [Audited]

	31 December 2021											
	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	> 2 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years	of which defaulted
Current accounts at central banks and other demand deposits	**354,453**	**354,452**	**1**	**9**	**6**	**-**	**-**	**-**	**-**	**-**	**3**	**8**
Loans and advances	**852,797**	**849,748**	**3,049**	**28,994**	**8,481**	**1,381**	**1,590**	**3,445**	**5,629**	**2,140**	**6,328**	**28,604**
Central banks	2,885	2,885	-	-	-	-	-	-	-	-	-	-
General governments	28,873	28,850	23	209	20	46	5	1	104	19	14	93
Credit institutions	10,071	10,069	2	78	-	-	-	2	-	11	65	78
Other financial corporations	91,970	91,955	15	1,066	478	22	42	119	189	27	189	1,059
Non-financial corporations	402,999	401,013	1,986	14,607	4,850	380	571	1,837	2,045	1,176	3,748	14,373
of which SMEs	*121,242*	*120,709*	*533*	*5,678*	*1,508*	*236*	*352*	*624*	*1,174*	*548*	*1,236*	*5,605*
Households	315,999	314,976	1,023	13,034	3,133	933	972	1,486	3,291	907	2,312	13,001
Debt securities	**155,295**	**155,295**	**-**	**491**	**365**	**-**	**-**	**4**	**102**	**-**	**20**	**491**
Central banks	6,274	6,274	-	1	1	-	-	-	-	-	-	1
General governments	110,911	110,911	-	7	7	-	-	-	-	-	-	7
Credit institutions	15,907	15,907	-	102	1	-	-	-	99	-	2	102
Other financial corporations	18,582	18,582	-	146	131	-	-	-	3	-	12	146
Non-financial corporations	3,621	3,621	-	235	225	-	-	4	-	-	6	235
Assets held for sale	**85,135**	**84,583**	**552**	**409**	**304**	**40**	**45**	**18**	**2**	**-**	**-**	**409**

												31 December 2021
	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	> 2 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years	of which defaulted
Off-balance-sheet exposures	**536,752**			**1,951**			-					**1,933**
Central banks	20,209			-			-					-
General governments	34,137			8			-					8
Credit institutions	13,513			-			-					-
Other financial corporations	79,424			50			-					50
Non-financial corporations	332,992			1,660			-					1,646
Households	56,477			233			-					229
TOTAL	**1,984,432**	**1,444,078**	**3,602**	**31,854**	**9,156**	**1,421**	**1,635**	**3,467**	**5,733**	**2,140**	**6,351**	**31,445**

												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 ≤ 2 years	> 2 years ≤ 5 years	> 5 year ≤ 7 years	> 7 years	of which defaulted
Current accounts at central banks and other demand deposits	**312,991**	**312,991**	**-**	**6**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**6**
Loans and advances	**841,600**	**838,024**	**3,576**	**33,486**	**9,202**	**2,881**	**2,348**	**3,188**	**5,578**	**2,563**	**7,726**	**30,485**
Central banks	2,975	2,975	-	-	-	-	-	-	-	-	-	-
General governments	27,951	27,900	51	525	19	47	77	156	66	30	130	117
Credit institutions	8,840	8,800	40	77	7	1	1	3	-	50	15	75
Other financial corporations	76,278	75,538	740	1,478	702	312	43	105	65	48	203	1,474
Non-financial corporations	402,193	400,477	1,716	17,060	5,235	1,290	1,132	1,517	2,028	1,360	4,498	16,418
of which SMEs	*120,194*	*119,666*	*528*	*6,841*	*1,693*	*371*	*460*	*784*	*1,148*	*647*	*1,738*	*6,604*
Households	323,363	322,334	1,029	14,346	3,239	1,231	1,095	1,407	3,419	1,075	2,880	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

												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 ≤ 2 years**	**> 2 years ≤ 5 years**	**> 5 year ≤ 7 years**	**> 7 years**	**of which defaulted**
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**	**3,188**	**5,679**	**2,563**	**7,754**	**33,382**

➤ TABLE 51: EXPOSURES AND PROVISIONS BY GEOGRAPHIC BREAKDOWN (EU CQ4) [Audited]

	31 December 2021						
	Gross carrying amount/Nominal amount			**Accumulated impairment, accumulated negative changes in fair value due to credit risk on non performing exposures**			
In millions of euros		**Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)**	**Of which Credit-impaired instruments**		**Of which Accumulated negative changes in fair value**	**Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)**	**Of which Credit-impaired instruments**
On balance sheet exposures	**1,477,584**	**110,059**	**29,512**	**(20,956)**	**(64)**	**(2,980)**	**(15,880)**
of which balance sheet exposures of continuing activities	**1,392,039**	**105,689**	**29,103**	**(20,481)**	**(64)**	**(2,763)**	**(15,793)**
Europe(*)	**1,128,857**	**88,462**	**24,280**	**(16,204)**	**(62)**	**(2,270)**	**(12,306)**
France	495,890	43,880	7,828	(5,500)	(22)	(987)	(4,050)
Belgium	186,737	12,722	2,325	(1,330)	-	(184)	(1,055)
Luxembourg	55,596	1,525	197	(157)	(3)	(33)	(96)
Italy	135,674	8,038	7,494	(4,969)	(29)	(489)	(4,064)
United Kingdom	52,301	6,044	1,552	(1,024)	(1)	(92)	(810)
Germany	53,544	4,436	1,181	(876)	-	(125)	(643)
Netherlands	21,250	2,264	120	(106)	-	(46)	(46)
Other European countries	127,866	9,552	3,584	(2,241)	(7)	(313)	(1,542)
North America	**82,882**	**4,570**	**248**	**(216)**	**(1)**	**(99)**	**(105)**
Asia Pacific	**85,311**	**4,712**	**483**	**(356)**	**(1)**	**(52)**	**(239)**
Japan	15,456	1,270	71	(14)	-	(11)	(2)
North Asia	34,369	1,292	72	(97)	-	(12)	(42)
South-East Asia (ASEAN)	15,412	810	176	(157)	-	(20)	(123)
Indian peninsula & Pacific	20,074	1,339	163	(87)	(1)	(8)	(73)
Rest of the World	**94,989**	**7,946**	**4,091**	**(3,706)**	**-**	**(341)**	**(3,142)**
Turkey	13,707	1,016	393	(412)	-	(117)	(230)
Mediterranean	8,456	1,584	843	(757)	-	(110)	(610)
Gulf States & Africa	13,683	1,537	2,046	(1,802)	-	(45)	(1,703)
Latin America	15,485	1,616	289	(229)	-	(35)	(158)

	31 December 2021						
	Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk on non performing exposures			
In millions of euros		Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments		Of which Accumulated negative changes in fair value	Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments
Other countries	43,659	2,193	520	(505)	-	(34)	(441)

	31 December 2021						
	Gross carrying amount/Nominal amount			**Accumulated impairment, accumulated negative changes in fair value due to credit risk on non performing exposures**			
In millions of euros		**Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)**	**Of which Credit-impaired instruments**		**Of which Accumulated negative changes in fair value**	**Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)**	**Of which Credit-impaired instruments**
of which balance sheet exposures of assets held for sale	**85,544**	**4,370**	**409**	**(476)**	**-**	**(217)**	**(87)**
Off balance sheet exposures	**538,703**	**34,703**	**1,933**	**(958)**	**-**	**(374)**	**(354)**
Europe(*)	**338,950**	**22,703**	**1,712**	**(663)**	**-**	**(216)**	**(262)**
France	97,831	6,668	525	(160)	-	(64)	(44)
Belgium	40,339	2,532	334	(190)	-	(50)	(111)
Luxembourg	16,393	1,130	23	(9)	-	(3)	(1)
Italy	37,174	1,942	285	(101)	-	(28)	(39)
United Kingdom	37,911	4,335	225	(42)	-	(29)	(1)
Germany	33,695	1,367	118	(60)	-	(10)	(35)
Netherlands	15,072	1,180	60	(12)	-	(3)	(6)
Other European countries	60,536	3,550	142	(87)	-	(29)	(27)
North America	**117,396**	**6,769**	**69**	**(120)**	**-**	**(97)**	**(9)**
Asia Pacific	**24,381**	**1,453**	**3**	**(21)**	**-**	**(12)**	**-**
Japan	2,260	-	-	-	-	-	-
North Asia	8,259	626	1	(14)	-	(9)	-
South-East Asia (ASEAN)	5,941	230	2	(4)	-	(1)	-
Indian peninsula & Pacific	7,920	598	-	(4)	-	(2)	-
Rest of the World	**57,976**	**3,777**	**148**	**(154)**	**-**	**(47)**	**(82)**
Turkey	3,842	553	16	(25)	-	(16)	(3)
Mediterranean	2,602	499	91	(43)	-	(10)	(25)
Gulf States & Africa	39,507	616	31	(73)	-	(13)	(53)
Latin America	4,901	604	2	(5)	-	(3)	-
Other countries	7,125	1,505	8	(7)	-	(5)	(1)

	31 December 2021						
	Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk on non performing exposures			
In millions of euros		Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments		Of which Accumulated negative changes in fair value	Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments
TOTAL	**2,016,287**	**144,762**	**31,445**	**(21,914)**	**(64)**	**(3,354)**	**(16,234)**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

	31 December 2020						
	Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk on non-performing exposures			
In millions of euros		Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments		Of which accumulated negative changes in fair value	Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which credit-impaired instruments
On balance sheet exposures	**1,368,581**	**95,308**	**31,018**	**(21,982)**	**(66)**	**(3,220)**	**(16,361)**
Europe(*)	**1,070,064**	**74,095**	**25,265**	**(17,294)**	**(61)**	**(2,487)**	**(12,959)**
France	480,317	32,396	7,865	(5,691)	(30)	(864)	(4,277)
Belgium	177,119	12,148	2,625	(1,284)	-	(189)	(987)
Luxembourg	42,897	1,973	175	(142)	(2)	(39)	(78)
Italy	132,914	6,555	8,956	(5,875)	(23)	(525)	(4,840)
United Kingdom	50,631	5,746	1,544	(1,126)	(1)	(157)	(847)
Germany	47,597	4,105	1,136	(859)	-	(157)	(581)
Netherlands	20,439	2,242	112	(80)	-	(25)	(33)
Other European countries	118,151	8,930	2,851	(2,238)	(5)	(531)	(1,315)
North America	**136,830**	**9,190**	**975**	**(889)**	**(3)**	**(340)**	**(313)**
Asia Pacific	**72,116**	**2,806**	**541**	**(304)**	**(2)**	**(34)**	**(211)**

	31 December 2020						
	Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk on non-performing exposures			
In millions of euros		Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments		Of which accumulated negative changes in fair value	Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which credit-impaired instruments
Japan	14,968	354	62	(14)	-	(9)	(2)
North Asia	27,974	927	53	(79)	-	(9)	(32)
South-East Asia (ASEAN)	14,487	506	160	(131)	-	(10)	(108)
Indian peninsula & Pacific	14,687	1,019	266	(81)	(2)	(6)	(69)
Rest of the World	**89,571**	**9,217**	**4,236**	**(3,495)**	**0**	**(359)**	**(2,877)**
Turkey	17,111	979	692	(584)	-	(107)	(392)
Mediterranean	9,111	1,902	916	(791)	-	(119)	(617)
Gulf States & Africa	13,452	2,092	1,559	(1,260)	-	(75)	(1,131)
Latin America	13,742	871	276	(231)	-	(32)	(162)
Other countries	36,155	3,373	793	(629)	0	(26)	(575)
Off balance sheet exposures	**513,635**	**22,744**	**2,364**	**(964)**		**(297)**	**(347)**
Europe(*)	**359,374**	**14,130**	**2,020**	**(636)**		**(164)**	**(254)**
France	115,917	3,689	371	(133)		(44)	(28)
Belgium	40,061	2,394	424	(164)		(34)	(92)
Luxembourg	11,809	943	4	(9)		(3)	(1)
Italy	34,626	1,136	740	(126)		(30)	(57)
United Kingdom	43,061	2,891	149	(26)		(12)	-
Germany	29,063	1,054	117	(73)		(12)	(46)
Netherlands	18,180	440	38	(12)		(3)	(4)
Other European countries	66,656	1,581	177	(94)		(25)	(26)
North America	**96,114**	**5,012**	**127**	**(161)**		**(76)**	**(19)**
Asia Pacific	**21,151**	**615**	**18**	**(21)**		**(9)**	**(4)**
Japan	1,894	0	0	(1)		-	-

	31 December 2020						
	Gross carrying amount/Nominal amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk on non-performing exposures			
In millions of euros		Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which Credit-impaired instruments		Of which accumulated negative changes in fair value	Of which Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which credit-impaired instruments
North Asia	7,197	210	1	(11)		(7)	-
South-East Asia (ASEAN)	5,982	99	17	(7)		(1)	(3)
Indian peninsula & Pacific	6,077	306	0	(2)		(1)	0
Rest of the World	**36,996**	**2,988**	**200**	**(146)**		**(49)**	**(71)**
Turkey	4,178	717	29	(37)		(19)	(10)
Mediterranean	2,525	630	90	(33)		(11)	(14)
Gulf States & Africa	20,060	359	68	(67)		(16)	(46)
Latin America	4,649	32	1	(3)		(1)	0
Other countries	5,584	1,250	13	(6)		(3)	(1)
TOTAL	**1,882,216**	**118,053**	**33,382**	**(22,946)**	**(66)**	**(3,518)**	**(16,709)**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

In accordance with Commission Implementing Regulation (EU) No. 2021/637, the table below (EU CQ5) shows the breakdown of loans and receivables within the scope of non-financial corporations. It does not include other exposures within the scope of financial companies, namely debt securities, assets held for sale and off-balance sheet commitments. It does not take into account all exposures to central governments and central banks, credit institutions and households.

➤ TABLE 52: BREAKDOWN OF LOANS AND ADVANCES AND PROVISIONS TO NON-FINANCIAL CORPORATIONS BY INDUSTRY (EU CQ5) [Audited]

	31 December 2021			
	Gross carrying amount			Accumulated negative changes in fair value due to credit risk on non-performing exposures
In millions of euros		of which defaulted	Accumulated impairment	
Agriculture, forestry and fishing	13,096	628	(355)	-
Mining and quarrying	8,768	511	(438)	-
Manufacturing	82,820	3,353	(2,741)	-

Electricity, gas, steam and air conditioning supply	21,678	138	(83)	-
Water supply	2,316	158	(139)	-
Construction	23,574	2,313	(1,626)	-
Wholesale and retail trade	59,619	1,978	(1,491)	-
Transport and storage	30,900	886	(599)	-
Accommodation and food service activities	8,490	652	(395)	-
Information and communication	10,394	171	(139)	-
Financial and insurance activities	18,733	252	(242)	-
Real estate activities	62,950	1,589	(904)	-
Professional, scientific and technical activities	18,865	389	(266)	-
Administrative and support service activities	38,134	768	(371)	-
Public administration and defence, compulsory social security	400	54	(41)	-
Education	817	35	(21)	-
Human health services and social work activities	5,220	165	(119)	-
Arts, entertainment and recreation	2,076	129	(115)	-
Other services	8,758	203	(162)	-
TOTAL	**417,607**	**14,373**	**(10,245)**	**-**

	31 December 2020			
	Gross carrying amount			
In millions of euros		**of which defaulted**	**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
Agriculture, forestry and fishing	14,510	769	(413)	-
Mining and quarrying	6,911	505	(365)	-
Manufacturing	73,340	3,821	(2,706)	-
Electricity, gas, steam and air conditioning supply	24,366	281	(234)	-
Water supply	2,239	170	(149)	-
Construction	21,591	2,354	(1,471)	-
Wholesale and retail trade	61,902	2,380	(1,960)	-
Transport and storage	31,670	1,154	(520)	-
Accommodation and food service activities	7,913	676	(463)	-
Information and communication	12,760	425	(164)	-
Financial and insurance activities	13,665	244	(256)	-
Real estate activities	69,847	1,998	(902)	-
Professional, scientific and technical activities	11,070	213	(164)	-
Administrative and support service activities	44,626	634	(448)	-
Public administration and defence, compulsory social security	523	122	(109)	-
Education	1,045	36	(26)	-
Human health services and social work activities	5,937	154	(128)	-
Arts, entertainment and recreation	2,927	123	(79)	-
Other services	12,412	358	(377)	-
TOTAL	**419,253**	**16,418**	**(10,934)**	**-**

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")[2] rises to EUR 15.4 billion at 31 December 2021, or 0.8% of the Group's gross balance sheet and off-balance sheet commitments compared to EUR 13.6 billion or 0.8% at 31 December 2020. These exposures are individually very small with an average amount of EUR 5 million per loan (EUR 15 million taking account of all business group exposures).

  This portfolio has been resilient since the start of the crisis, with, during 2021, the proportion of defaulted outstandings declining (2.7% compared to 3.6% in 2020) and stage 3 provisions stable at around EUR 200 million as at 31 December 2021.

  Moreover, the Group has put in place a system for monitoring companies whose leverage ratio exceeds the threshold set by the regulator in accordance with the guidelines given by the ECB;
- the shipping sector:

1 Gross credit risk exposures across all regulatory exposure classes.
2 In accordance with the definition of leveraged transactions as described in the ECB guidelines on reverse transactions.

the shipping sector covers a set of segments with very different dynamics: bulk, oil and gas tankers, container carriers, oil services and cruises. In 2021, these different segments were affected in very heterogeneous ways by the consequences of the health crisis. The cruise segment remains the most affected despite a gradual recovery in the second half of the year. Offshore activities continue to suffer from significant oversupply and a lack of new projects, while maritime container transport is doing exceptionally well. Lastly, the dry bulk and tanker segments remain subject to high market volatility, with the former currently performing better than the latter.

The shipping industry has to face new environmental constraints (International Maritime Organisation (IMO) standards) involving investment efforts. A growing number of new orders concern hybrid LNG (Liquefied Natural Gas) propulsion or other technologies with a reduced impact on the environment.

At 31 December 2021, gross exposure of the shipping finance sector was EUR 20.4 billion, *i.e.* 1.1% of the Group's on-balance sheet and off-balance sheet credit exposures, compared to EUR 19.2 billion or 1.1% at 31 December 2020. Most of this exposure is borne by Corporate and Institutional Banking (94%) and for the rest by Domestic Markets (6%), with good geographical diversification of the client base (compared to 31 December 2020 with respectively 89% and 10%). Doubtful loans account for 4.1% of the Group's exposure to the shipping finance segment and stage 3 provisions were EUR 286 million (compared to 5.7% of doubtful loans and EUR 377 million in provisions at 31 December 2020). In line with the segment analysis conducted above, these provisions are primarily concentrated on the offshore market (EUR 133 million);

- the aviation sector:

  business activity in this sector is evenly split between airlines and aircraft leasing companies. The gross exposure is EUR 12.9 billion at 31 December 2021, *i.e.* 0.7% of the Group's total gross on- and off-balance sheet commitments, *versus* EUR 13,2 billion, *i.e.* 0.7% of the Group's total gross commitments at 31 December 2020. New financing slowed in 2021 in line with the credit policy regularly updated since the beginning of the health crisis. It was concentrated on leading airlines and the latest technology aircraft with lower environmental impact. The sector is one of the most exposed to the ups and downs of the health crisis and its rebound remains conditional on the magnitude of the recovery.

  The impact on the portfolio remains moderate given the quality of the counterparties and the significant amount of asset-backed exposure (over 80%). The amount of doubtful loans remains low at 31 December 2021 representing 4.5% of the sector's outstandings (*versus* 3.3% in 2020). As aircraft financing is a highly collateralised business, stage 3 provisions are limited and represent EUR 91 million at 31 December 2021, compared to EUR 54 million at 31 December 2020;

- the oil and gas sector:

  BNP Paribas' exposure to this sector is diversified, covering the entire value chain of the oil industry, and mainly involving leading players (the majors and national oil companies represent 57% of the exposures at 31 December 2021) in many countries.

  In early 2021, the BNP Paribas Group made a commitment to reduce its credit exposure to oil and gas exploration and production activities by 12% by 2025 as part of its membership of the United Nations Net-Zero Banking Alliance.

  At 31 December 2021, the gross exposure of the portfolio amounted to EUR 36.1 billion (*i.e.* 1.9% of the Group's total gross on- and off-balance sheet commitments) compared to EUR 35.1 billion at 31 December 2020 (*i.e.* 2.0% of the total gross commitments in 2020). 80% of counterparties are rated Investment Grade. Commitments to non-Investment Grade counterparties have good collateral coverage. The outstanding amounts classified as doubtful represented 2.6% of the sector (*versus* 2.2% in 2020) and stage 3 provisions amounted to EUR 456 million at 31 December 2021 (*versus* EUR 428 million at 31 December 2020), including doubtful exposures of offshore shipping;

- the hotel, tourism and leisure sector:

  at 31 December 2021, this sector represented EUR 27.0 billion of gross exposure (compared to EUR 24.4 billion at 31 December 2020) (*i.e.* 1.4% of the Group's total gross on- and off-balance sheet commitments, stable compared to 31 December 2020). The business covers various segments such as cruises, hotels, casinos and cafés and restaurants, with a strong geographical diversification. Certain aspects, notably the labour shortage, still require special attention; however, the situation in this sector should not worsen any further compared to that experienced since the start of the health crisis. Exposure to doubtful loans represented 3.4% of the Group's exposure to this sector (*versus* 2.8% in 2020) and stage 3 provisions accounted for EUR 264 million at 31 December 2021 (*versus* EUR 244 million at 31 December 2020);

- the non-food distribution sector (excluding e-commerce):

  at 31 December 2021, this sector represented EUR 15.1 billion of gross exposure (compared to EUR 17.2 billion at 31 December 2020), 0.8% of the Group's total gross balance sheet and off-balance sheet commitments (compared to 1.0% at 31 December 2020). Nearly 55% of counterparties have an Investment Grade rating (as in 2020) and 3.8% of outstandings are doubtful (stable compared to 2020). At 31 December 2021, provisions for stage 3 amounted to EUR 286 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 centres, *etc.*) and the nature of the owner (institutional or specialist investor, industrial, promoter, *etc.*) The portfolio is resilient, although certain sub-segments such as shopping centres and tourist accommodation were more affected.

  At 31 December 2021, the gross exposure to the commercial real estate sector is EUR 76.6 billion, of which EUR 10.0 billion held for sale at Bank of the West (EUR 71.1 billion at 31 December 2020), *i.e.* 4.0% of the Group's total gross on- and off-balance sheet commitments (3.9% of total commitments in 2020), mainly in Europe and highly diversified between the various market segments, countries and entities of the Group. Furthermore, 45% of the commercial real estate counterparties have an Investment Grade rating (*versus* 44% in 2020). Doubtful loans represented 1.8% of the sector's total gross exposure (*versus* 2.3% in 2020). The segments most impacted by the public health crisis are shopping centres (14% of the commercial real estate portfoli; as in 2020) and the hotels (5% of the commercial real estate portfolio *versus* 6% in 2020) and are closely monitored. Commercial real estate stage 3 provisions represented EUR 409 million at 31 December 2021 (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 2021, as at 31 December 2020.

At 31 December 2021, doubtful loans decreased (-EUR 2 billion) compared to 31 December 2020, in particular in Italy, in line with the sale of portfolios of defaulted assets and recovery activities.

The main effects explaining changes in the amount of doubtful outstandings in 2021 (EU CR2-B) are presented in note 4.f to the consolidated financial statements.

The cost of risk and the change in impairment in respect of credit risk are presented in note 2.h to the consolidated financial statements *(Cost of risk)*.

The following table shows the carrying amounts of the financial assets and commitments at amortised cost and fair value through equity subject to impairment provisions for credit risk (*i.e.* excluding instruments at fair value through profit and loss) 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 53: BREAKDOWN OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT BY STAGE AND INTERNAL RATING

[Audited]

								31 December 2021
	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	**340,622**	**1,927**	**2,728**	**174**	**-**	**345,451**	**(18)**	**345,433**
Stage 1	340,622	1,927	2,573	114	-	345,236	(13)	345,223
Stage 2	-	-	155	60	-	215	(5)	210
Stage 3	-	-	-	-	-	-	-	-
Debt securities at fair value through equity	**37,169**	**3,076**	**1,374**	**13**	**105**	**41,737**	**(140)**	**41,597**
Stage 1	37,169	2,999	1,251	11	-	41,430	(7)	41,423
Stage 2	-	77	123	2	-	202	(29)	173
Stage 3	-	-	-	-	105	105	(104)	1
Loans and advances at amortised cost	**200,532**	**274,826**	**368,707**	**16,050**	**28,558**	**888,673**	**(20,090)**	**868,583**
Stage 1	200,532	255,746	298,977	-	-	755,255	(1,884)	753,371
Stage 2	-	19,080	69,730	16,050	-	104,860	(2,704)	102,156
Stage 3	-	-	-	-	28,558	28,558	(15,502)	13,056
Debt securities at amortised cost	**94,628**	**10,513**	**3,633**	**513**	**260**	**109,547**	**(168)**	**109,379**

	31 December 2021							
	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**
Stage 1	94,628	10,513	3,304	429	-	108,874	(20)	108,854
Stage 2	-	-	329	84	-	413	(25)	388
Stage 3	-	-	-	-	260	260	(123)	137
Assets held for sale	**35,768**	**6,548**	**42,685**	**134**	**409**	**85,544**	**(476)**	**85,068**
Stage 1	35,768	6,158	38,839	-	-	80,765	(172)	80,593
Stage 2	-	390	3,846	134	-	4,370	(217)	4,153
Stage 3	-	-	-	-	409	409	(87)	322
Financing and guarantee commitments	**234,745**	**159,347**	**133,879**	**8,799**	**1,933**	**538,703**	**(958)**	**537,745**
Stage 1	234,745	154,075	113,247	-	-	502,067	(230)	501,837
Stage 2	-	5,272	20,632	8,799	-	34,703	(374)	34,329
Stage 3	-	-	-	-	1,933	1,933	(354)	1,579
TOTAL	**943,464**	**456,237**	**553,006**	**25,683**	**31,265**	**2,009,655**	**(21,850)**	**1,987,805**

Financial assets subject to impairments were up by EUR 131 billion, an increase of 7% compared to 31 December 2020. This change mainly concerns financial assets and commitments rated 1 to 3 (+EUR 81 billion, *i.e.* + 9% compared to 31 December 2020) and rated 4 to 5 (+EUR 30 billion, *i.e.* + 7% compared to 31 December 2020).

The 3% increase in financial assets and commitments rated 6 to 8 is due in particular to the less favourable outlook for exposures in the sectors most affected by the public health crisis. They were taken into account in the assessment of the significant deterioration criterion, resulting in transfers to stage 2.

	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**

Ashurst Draft: 9 May 2022

RESTRUCTURED LOANS [Audited]

When a borrower is bordering on or is in financial difficulties, he may receive a concession from the bank that would otherwise not have been granted if the borrower had not met with financial difficulties. 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) and is aligned with the definition in Annex V to Regulation (EU) No. 680/2014.

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 54: CREDIT QUALITY OF RESTRUCTURED LOANS (EU CQ1) [Audited]

	31 December 2021						
	Gross carrying amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received	
		Non-performing exposures					
In millions of euros	Performing exposures		Of which defaulted	On performing exposures	On non-performing exposures		Of which: Collateral and financial guarantees received on non-performing exposures
Loans and advances	**11,027**	**9,042**	**8,930**	**(523)**	**(3,614)**	**9,851**	**3,054**
General governments	7	10	10	(1)	(6)	5	1
Credit institutions	-	4	4	-	(4)	-	-
Other financial corporations	478	252	249	(14)	(98)	413	120
Non-financial corporations	7,188	4,433	4,345	(300)	(1,801)	6,706	2,009
Households	3,354	4,343	4,322	(208)	(1,705)	2,727	924
Debt Securities	**-**	**203**	**203**	**-**	**(81)**	**25**	**25**
Assets held for sale	**98**	**134**	**134**	**(5)**	**(15)**	**188**	**106**
Loan commitments given	**2,768**	**389**	**371**	**(17)**	**(28)**	**1,884**	**33**
TOTAL	**13,893**	**9,768**	**9,638**	**(545)**	**(3,737)**	**11,948**	**3,218**

	31 December 2020						
	Gross carrying amount			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received	
		Non-performing exposures					
In millions of euros	Performing exposures		Of which defaulted	On performing exposures	On non-performing exposures		Of which: Collateral and financial guarantees received on 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)**		
Loan commitments given	**931**	**160**	**157**	**(10)**	**(24)**		
TOTAL	**8,932**	**9,678**	**7,600**	**(493)**	**(3,591)**		

EXPOSURES SUBJECT TO MORATORIA AND PUBLIC GUARANTEE SCHEMES

EXPOSURES SUBJECT TO MORATORIA

In response to the public 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 2021, the Group's exposure to loans subject to moratoria[1] (including expired moratoria) amounted to EUR 36.2 billion.

Around 570,000 moratoria[2] expired as at 31 December 2021, *i.e.* 99.7% of the Group's exposure to loans subject to moratoria. More than 96% of expired moratoria are performing.

The amount of unexpired moratoria at 31 December 2021 is EUR 113 million, compared with EUR 10.2 billion at 31 December 2020.

[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 55: EXPOSURES SUBJECT TO NON-EXPIRED MORATORIA**[1] [Audited]

31 December 2021

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							
		Performing exposure			Non-performing exposure				Performing exposure			Non-performing exposure			
In millions of euros			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			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	Gross carrying amount – inflows to non-performing exposures since 30 June 2021
Loans and advances subject to moratorium	**113**	**97**	**12**	**41**	**16**	**15**	**4**	**(11)**	**(7)**	**(1)**	**(4)**	**(5)**	**(4)**	**(1)**	**12**
of which households	37	27	4	7	10	9	3	(7)	(3)	0	(1)	(4)	(4)	(1)	2
of which collateralised by residential immovable property	*17*	*11*	*4*	*5*	*6*	*6*	*0*	*(3)*	*0*	*0*	*0*	*(3)*	*(3)*	*0*	*0*
of which non-financial corporations	76	70	8	34	6	6	1	(5)	(4)	(1)	(4)	0	0	0	10
of which SME	*41*	*37*	*6*	*7*	*4*	*4*	*1*	*(2)*	*(1)*	*(1)*	*(1)*	*0*	*0*	*0*	*9*
of which collateralised by commercial immovable property	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

[1] *Moratoria qualified as "Covid-19 General moratorium measure" meeting the criteria defined in EBA Guidelines published on 2 April 2020.*

31 December

In millions of euros	Gross carrying amount	Performing exposure	of which exposures with forbearance measures	of which stage 2	Non-performing exposure	of which exposures with forbearance measures	of which unlikely to pay that are not past-due or past-due ≤ 90 days	Accumulated impairment, accumulated negative changes in fair value due to credit risk	Performing exposure	of which exposures with forbearance measures	of which stage2	Non-performing exposure	of which exposures with forbearance measures	of which unlikely to pay that are not past-due or past-due ≤ 90 days	C car amo inflow perfor expos 30
Loans and advances subject to moratorium	**10,161**	**9,957**	**428**	**2,117**	**204**	**113**	**101**	**(214)**	**(177)**	**(22)**	**(108)**	**(37)**	**(20)**	**(22)**	
of which households	3,024	2,898	230	763	127	81	72	(88)	(66)	(11)	(35)	(22)	(12)	(14)	
of which collateralised by residential immovable property	*1,407*	*1,343*	*184*	*389*	*64*	*37*	*49*	*(33)*	*(23)*	*(10)*	*(16)*	*(10)*	*(6)*	*(8)*	
of which non-financial corporations	6,980	6,903	197	1,325	77	32	28	(123)	(109)	(11)	(70)	(14)	(7)	(9)	
of which SME	*3,854*	*3,803*	*128*	*629*	*51*	*23*	*21*	*(87)*	*(76)*	*(9)*	*(47)*	*(12)*	*(6)*	*(6)*	
of which collateralised by commercial immovable property	*1,456*	*1,441*	*59*	*361*	*15*	*11*	*12*	*(26)*	*(24)*	*(3)*	*(19)*	*(2)*	*(1)*	*(2)*	

➤ TABLE 56: BREAKDOWN OF EXPOSURES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIA[1] BY RESIDUAL MATURITY OF MORATORIA [Audited]

	31 December 2021								
		Gross carrying amount							
					Residual maturity of moratoria				
In millions of euros	**Number of obligors**		**of which legislative moratoria**	**of which expired moratoria**	**≤ 3 months**	**> 3 months ≤ 6 months**	**> 6 months ≤ 9 months**	**> 9 months ≤ 12 months**	**> 12 months**
Loans and advances for which moratorium was offered	**591,841**	**36,267**							
Loans and advances subject to moratorium (granted)	**591,479**	**36,199**	**3,680**	**36,086**	**76**	**15**	**21**	**0**	**0**
of which households		12,455	1,708	12,418	27	7	2	0	0
of which collateralised by residential immovable property		*6,048*	*1,134*	*6,030*	*11*	*4*	*2*	*0*	*0*
of which non-financial corporations		22,607	1,965	22,530	49	8	19	0	0
of which SME		*13,410*	*1,444*	*13,369*	*16*	*7*	*18*	*0*	*0*
of which collateralised by commercial immovable property		*6,284*	*377*	*6,284*	*0*	*0*	*0*	*0*	*0*

[1] *Moratoria qualified as "Covid-19 moratorium measure" meeting the criteria defined in EBA Guidelines published on 2 April 2020.*

		31 December 2020							
		Gross carrying amount							
					Residual maturity of moratoria				
In millions of euros	**Number of obligors**		**of which legislative moratoria**	**of which expired moratoria**	**≤ 3 months**	**> 3 months ≤ 6 months**	**> 6 months ≤ 9 months**	**> 9 months ≤ 12 months**	**> 12 months**
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**	**7,456**	**2,206**	**217**	**187**	**95**
of which households		16,972	4,228	13,948	1,505	1,230	107	136	46
of which collateralised by residential immovable property		*8,098*	*2,208*	*6,691*	*771*	*352*	*105*	*134*	*45*
of which non-financial corporations		35,533	7,448	28,553	5,796	974	110	51	49
of which SME		*20,057*	*5,318*	*16,203*	*3,235*	*479*	*92*	*45*	*3*
of which collateralised by commercial immovable property		*8,574*	*2,904*	*7,118*	*1,399*	*35*	*22*	*0*	*0*

Loans and advances subject to a moratorium(1) (including expired moratoria) were granted to households in the amount of EUR 12.5 billion and to non-financial companies in the amount of EUR 22.6 billion. The breakdown of the residual maturities of the moratoria reflects the measures taken in the countries where the Group operates. At 31 December 2021, 81% of the unexpired moratoria have a residual maturity of less than six months.

Moratoria qualified as "Covid-19 moratorium measure" meeting the criteria defined in EBA Guidelines published on 2 April 2020.

PUBLIC GUARANTEE SCHEMES

At 31 December 2021, the Group has granted more than 108,000 loans guaranteed by States through its Retail Banking networks of Domestic Markets and international networks.

➤ TABLE 57: LOANS AND ADVANCES SUBJECT TO PUBLIC GUARANTEE SCHEMES [Audited]

	31 December 2021			
	Gross carrying amount			
In millions of euros		of which exposures with forbearance measures	Public guarantees received	Gross carrying amount – inflows to non-performing exposures since 30 June 2021
Newly originated loans and advances subject to public guarantee schemes	**20,100**	**203**	**17,893**	**122**
of which households	803			8
of which collateralised by residential immovable property	*1*			*0*
of which non-financial corporations	18,708	194	16,633	113
of which SME	*10,267*			*75*
of which collateralised by commercial immovable property	*250*			*3*

	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 since 30 June 2021
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*			*0*
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*			*0*

At 31 December 2021, the total amount of loans guaranteed by States, granted by the Group, mainly in France and Italy, amounted to EUR 20.1 billion, for a corresponding guarantee amount of EUR 17.9 billion, (*i.e.* 89% of outstandings). These loans are spread across all sectors.

State-guaranteed loans (SGL) have enabled their subscribers to benefit from a repayment grace period of one year. At the end of this first year, subscribers had the option to repay their loan, partially or in full, or to extend it over a maximum period of five years with the possibility of another repayment grace period of one year.

At 31 December 2021, nearly 70% of the SGLs had been extended with a residual maturity of five years, of which 75% with an additional repayment grace period of one year.

CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigation techniques are divided 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.

The amount of personal guarantees and collateral recognised on loans and receivables and debt securities in the prudential reporting scope amounted to EUR 503 billion at 31 December 2021.

➤ TABLE 58: CREDIT RISK MITIGATION TECHNIQUES (EU CR3) [Audited]

	31 December 2021					
			Secured net carrying amount			
					Secured by personal guarantees	
In millions of euros	**Gross carrying amount**	**Unsecured net carrying amount**		**Secured by physical collateral**		**Secured by credit derivatives**
Loans and advances	1,236,254	712,911	503,222	254,125	249,097	0
Debt securities	155,785	154,477	950	950	0	
Assets held for sale	85,544	40,267	44,802	35,257	9,545	
TOTAL	**1,477,584**	**907,655**	**548,973**	**290,331**	**258,642**	**-**
Of which non-performing exposures	*29,494*	*4,762*	*8,932*	*6,075*	*2,857*	*-*
Of which defaulted	*29,103*	*4,627*	*8,718*	*5,998*	*2,720*	*-*

	31 December 2020					
			Secured net carrying amount			
					Secured by personal guarantees	
In millions of euros	**Gross carrying amount**	**Unsecured net carrying amount**		**Secured by physical collateral**		**Secured by credit derivatives**
Loans and advances	1,188,083	662,858	503,592	251,915	251,677	
Debt securities	180,498	170,955	9,193	51	9,142	
TOTAL	**1,368,581**	**833,813**	**512,786**	**251,966**	**260,820**	
Of which non-performing exposures	*34,020*	*6,919*	*10,365*	*7,112*	*3,253*	
Of which defaulted						

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.

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.

➤ TABLE 59: CREDIT RISK MITIGATION IN IRBA AND STANDARD APPROACH

	31 December 2021				31 December 2020			
		Risk mitigation amount				Risk mitigation amount		
In millions of euros	**Gross exposure**	**Collateral**	**Guarantees and credit derivatives**	**Total risk mitigation**	**Gross exposure**	**Collateral**	**Guarantees and credit derivatives**	**Total risk mitigation**
IRB approach	1,449,996	203,634	200,184	403,818	1,369,223	174,271	195,027	369,298
Standardised approach	398,631	62,264	21,072	83,336	384,775	61,675	18,470	80,146
TOTAL	**1,848,627**	**265,898**	**221,256**	**487,154**	**1,753,998**	**235,946**	**213,498**	**449,444**

➤ TABLE 60: SECURED EXPOSURES IN IRB APPROACH (EU CR7-A)

31 December 2

			Credit Risk Mitigation techniques											
			Funded credit protection , physical collateral									Unfunded credit protection		
				Part covered by other eligible physical collaterals *(%)*		Part covered by other eligible collaterals *(%)*		Part covered by other physical funded credit protection *(%)*						
In millions of euros	**Total gross exposures(*)**	**Total of the risk-exposed value**	**Part covered by physical financial collateral**		**of which immovable property collateral**	**of which recei vables**	**of which other physical colla teral**		**of which Cash on deposit**	**of which life insu rance policies**	**of which instru ments held by a third party**	**Part covered by personal guara ntees**	**Part covered by credit deri vatives**	**To R (re ct effe only)**
Central governments and central banks	469,741	469,143	0.00%	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.64%	0.00%	4,3
Institutions	52,369	43,767	1.32%	1.63%	0.96%	0.27%	0.40%	0.24%	0.24%	0.00%	0.00%	13.28%	0.00%	9,9
Corporates	636,914	464,043	1.35%	17.16%	7.80%	1.96%	7.40%	1.29%	1.13%	0.16%	0.00%	19.42%	0.02%	222,1
Of which SMEs	*52,282*	*43,188*	*1.84%*	*27.56%*	*21.25%*	*5.25%*	*1.06%*	*0.92%*	*0.47%*	*0.45%*	*0.00%*	*19.42%*	*0.00%*	*21,3*
Of which specialised lending	*83,561*	*70,658*	*0.34%*	*53.62%*	*16.53%*	*3.16%*	*33.93%*	*4.02%*	*4.01%*	*0.01%*	*0.00%*	*17.57%*	*0.00%*	*23,4*
Of which other	*501,072*	*350,196*	*1.50%*	*8.52%*	*4.38%*	*1.31%*	*2.83%*	*0.79%*	*0.63%*	*0.16%*	*0.00%*	*19.79%*	*0.03%*	*177,3*
Retail	290,972	285,269	0.35%	37.69%	37.57%	0.08%	0.04%	0.61%	0.06%	0.55%	0.00%	35.45%	0.00%	56,2
Of which immovable property SMEs	*11,789*	*11,254*	*0.17%*	*63.70%*	*63.57%*	*0.11%*	*0.01%*	*0.11%*	*0.04%*	*0.07%*	*0.00%*	*26.16%*	*0.00%*	*2,9*
Of which immovable property non-SMEs	*179,284*	*179,316*	*0.05%*	*53.36%*	*53.36%*	*0.00%*	*0.00%*	*0.03%*	*0.01%*	*0.02%*	*0.00%*	*44.80%*	*0.00%*	*21,1*
Of which quali fying revol ving	*16,024*	*12,425*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*3,6*
Of which other SMEs	*36,399*	*34,868*	*0.69%*	*9.18%*	*8.27%*	*0.63%*	*0.28%*	*0.77%*	*0.27%*	*0.50%*	*0.00%*	*44.58%*	*0.00%*	*9,6*
Of which other non-SMEs	*47,475*	*47,407*	*1.37%*	*3.09%*	*3.07%*	*0.00%*	*0.01%*	*2.99%*	*0.14%*	*2.85%*	*0.00%*	*4.88%*	*0.00%*	*18,8*
TOTAL	**1,449,996**	**1,262,222**	**1.67%**	**14.89%**	**11.39%**	**0.75%**	**2.75%**	**0.62%**	**0.44%**	**0.18%**	**0.00%**	**15.85%**	**0.01%**	**292,6**

(*) Excluding derivatives and securities financing transactions subject to counterparty risk exposures.
(**) In accordance with the Group's IRBA methodology, the impact of risk mitigation techniques is treated only by reducing LGD (no substitution approach).

The main providers of unfunded credit protection (personal guarantees) are the guarantee institutions in the Domestic Market mortgage business (mainly housing loans in France) and, since 2020, States or public organisms that have set up public guarantee mechanisms to counter the public health crisis.

As at 31 December 2021, 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 considered as 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.

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. The reduction in risk-weighted assets resulting from hedging operations *via* CDS concerns only the corporate asset class, and represents EUR 232 million as at 31 December 2021 compared to EUR 325 million as at 31 December 2020 (EU CR7).

COLLATERAL SEIZED

➤ TABLE 61: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU CQ7)

	31 December 2021	
	Collateral obtained by taking possession accumulated(*)	
In millions of euros	Value at initial recognition	Accumulated negative changes
Property Plant and Equipment (PP&E)	0	0
Other than Property Plant and Equipment	305	(56)
Residential immovable property	*258*	*(56)*
Commercial immovable property	*8*	*0*
Movable property (auto, shipping, etc.)	*0*	*0*
Equity and debt instruments	*24*	*0*
Other	*15*	*0*
TOTAL	**305**	**(56)**

(*) The amounts of assets held for sale are included in the amounts of collateral presented in the table above.

Collateral obtained by taking possession includes assets obtained in exchange for cancellation of the receivable, whether on a voluntary basis or on foot of legal proceedings.

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).

Securitisation positions deducted from own funds, amounting to at EUR 186 million at 31 December 2021, are now included in the whole section 5.5.

BNP PARIBAS SECURITISATION ACTIVITIES

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ TABLE 62: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE

In millions of euros	31 December 2021			31 December 2020		
	Securitised exposures originated by BNP Paribas(*)			Securitised exposures originated by BNP Paribas(*)		
BNP Paribas role		**Efficient securitisation (SRT)(**)**	**Securitised positions held or acquired (EAD)(***)**		**Efficient securitisation (SRT)(**)**	**Securitised positions held or acquired (EAD)(***)**
Originator	121,469	46,775	35,582		43,718	34,795
Sponsor	3		22,688			22,850
Investor	0		13,547			8,990
TOTAL	**121,472**	**46,775**	**71,817**		**43,718**	**66,635**

(*) 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 programmes meeting the Significant Risk Transfer (SRT) criteria, see next paragraph.

(***) 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.

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 35.6 billion at 31 December 2021, corresponding to positions in twenty-five efficient securitisation programmes under Basel rules.

At 31 December 2021, the main securitisation transactions recognised as efficient are the following:

- a synthetic operation initiated in 2021 by French Retail Banking concerning an EUR 8.4 billion portfolio of large corporate loans;
- a synthetic operation initiated in 2021 by Corporate and Institutional Banking concerning an EUR 2.3 billion portfolio of corporate loans;
- a synthetic operation initiated in 2021 by BNL bc concerning an EUR 1.3 billion portfolio of corporate loans;
- a synthetic operation initiated in 2020 by French Retail Banking concerning an EUR 2.4 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 5.1 billion portfolio of large corporates loans;
- a synthetic transaction initiated in 2018 by BNL concerning a EUR 1.2 billion portfolio of corporate loans;

The Group has not set up own account securitisations of revolving exposures with an anticipated repayment clause.

At 31 December 2021, there were no assets awaiting securitisation.

➤ TABLE 63: SECURITISED EXPOSURES ORIGINATED BY BNP PARIBAS

	Securitised exposures originated by BNP Paribas	
In millions of euros	**31 December 2021**	**31 December 2020**
Traditional	**10,270**	**7,505**
of which IRB approach	*4,846*	*4,367*
of which standardised approach(*)	*5,423*	*3,138*
Synthetic	**36,505**	**36,213**
of which IRB approach	*36,505*	*36,213*
TOTAL	**46,775**	**43,718**

(*) Securitisation programmes under SEC-ERBA and SEC-SA approach.

➤ TABLE 64: SECURITISED EXPOSURES BY BNP PARIBAS AS AN ORIGINATOR BY UNDERLYING ASSET CATEGORY(*)

Originated securitised exposures	31 December 2021			31 December 2020		
In millions of euros	**Traditional**	**Synthetic**	**Total**	**Traditional**	**Synthetic**	**Total**
Residential mortgages	10	-	**10**	11	-	**11**
Consumer loans	7,566	-	**7,566**	4,902	-	**4,902**
Credit card receivables	-	-	**-**	-	-	**-**
Loans to corporates	1,688	36,505	**38,192**	1,743	36,213	**37,956**
Trade receivables	-	-	**-**	-	-	**-**
Commercial mortgages	-	-	**-**	-	-	**-**
Finance leases	1,007	-	**1,007**	849	-	**849**
Other assets	-	-	**-**	-	-	**-**
TOTAL	**10,270**	**36,505**	**46,775**	**7,505**	**36,213**	**43,718**

(*) This breakdown is based on the predominant underlying asset of the securitisations.

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 2021, BNP Paribas originated 31 securitisation transactions, for a total amount of EUR 62.7 billion of securitised exposures. The main transactions concern: BNP Paribas Fortis (EUR 31.5 billion), BNP Paribas Personal Finance (EUR 14.7 billion), French

Retail Banking (EUR 15.7 billion) and BNL (EUR 0.7 billion). In 2021, two transactions without a significant risk transfer were completed by BNP Paribas Personal Finance, for a total amount of EUR 6 billion. The relevant exposures are therefore included in the section on credit risk (see section 5.4).

Credit quality of securitised exposures

The table below presents all exposures securitised by BNP Paribas as part of efficient and ineffective securitisation transactions carried out as originator:

➤ TABLE 65: EXPOSURES SECURITISED BY THE INSTITUTION – EXPOSURES IN DEFAULT (EU SEC5)

	31 December 2021	
	Exposures securitised by the institution as originator	
	Total gross exposure amount(*)	
In millions of euros		**Of which in default**
Retail		
Residential real estate	41,227	883
Credit card and consumer loans	18,541	181
Corporate		
Loans to corporates	60,437	187
Commercial real estate		
Finance lease and commercial receivables	1,265	6
TOTAL	**121,469**	**1,257**

(*) Underlying exposures of effective and ineffective securitisation transactions.

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 66: SECURITISED EXPOSURES BY BNP PARIBAS AS A SPONSOR(*) BY UNDERLYING ASSET CATEGORY(**)

Securitised exposures *In millions of euros*	31 December 2021			31 December 2020		
	Traditional	**Synthetic**	**Total**	**Traditional**	**Synthetic**	**Total**
Residential mortgages	502	-	**502**	369	-	**369**
Consumer loans	7,273	-	**7,273**	8,354	-	**8,354**
Credit card receivables	2,728	-	**2,728**	2,814	-	**2,814**
Loans to corporates	1,272	-	**1,272**	657	-	**657**
Trade receivables	5,294	-	**5,294**	5,818	-	**5,818**
Commercial mortgage	131	-	**131**	-	-	-
Finance leases	5,236	-	**5,236**	4,364	-	**4,364**
Other assets	251	-	**251**	408	-	**408**
TOTAL	**22,685**	**-**	22,685	**22,784**	**-**	**22,784**

(*) Within the securitised exposures by the Group as a sponsor, EUR 3 million correspond to exposures were included in BNP Paribas' balance sheet at 31 December 2021 (compared with EUR 4 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 22.7 billion at 31 December 2021.

Short-term refinancing

At 31 December 2021, two consolidated multi-seller 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 20.9 billion at 31 December 2021, compared with EUR 21.4 billion at 31 December 2020.

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 1.8 billion at 31 December 2021, compared with EUR 1.5 billion at 31 December 2020.

SECURITISATION AS INVESTOR

The securitisation positions of BNP Paribas as an investor amounted to EUR 13.5 billion at 31 December 2021, with an increase of EUR 4.6 billion compared with EUR 9.0 billion at 31 December 2020.

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 12.9 billion at 31 December 2021 compared to EUR 8.2 billion at 31 December 2020. 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 Centre, amounted to EUR 0.6 billion at 31 December 2021 compared with EUR 0.8 billion at 31 December 2020.

The table below shows the securitisation vehicles set up on behalf of the Group or its customers.

➤ TABLE 67: LIST OF SECURITISATION VEHICLES INITIATED BY THE GROUP (EU SEC-A)

	Business line which initiated the vehicle	Underlying asset category(*)
VEHICLES SPONSORED BY THE GROUP		
ANCHORAGE CAPITAL CLO 23, LTD	CIB	Corporate loans
AUDAX SENIOR DEBT WH-A, LLC	CIB	Corporate loans
BANCA IFIS SPA	CIB	Receivables
BNPP AM EURO CLO 2017 DESIGNATED ACTIVITY COMPANY	Asset Management	Corporate loans
BNPP AM EURO CLO 2018 DAC	Asset Management	Corporate loans
BNPP AM EURO CLO 2019 DAC	Asset Management	Corporate loans
BNPP AM EURO CLO 2021 DAC	Asset Management	Corporate loans
BNPP IP EURO CLO 2015-1 DAC	Asset Management	Corporate loans
CARVAL INVESTORS GB LLP	CIB	Residential real estate
CREDIARC SPV S.R.L.	BNL bc	Other assets
DOMIVEST B.V.	CIB	Residential real estate
DRYDEN IMPACT CLO I, LTD	CIB	Corporate loans
KKR CLO 38 LTD	CIB	Corporate loans
MATCHPOINT FINANCE PUBLIC LIMITED COMPANY	CIB	Other assets
OCTAGON 58, LTD	CIB	Corporate loans
PRIMECREDIT LIMITED	CIB	Credit card receivables
REGATTA WAREHOUSE 1	CIB	Corporate loans
REGATTA XIX FUNDING LTD	CIB	Corporate loans
STARBIRD FUNDING CORPORATION	CIB	Other assets
STEAMBOAT HARBOR LTD	CIB	Corporate loans
STEELE CREEK CLO 2021-1, LTD	CIB	Corporate loans
UNITY-PEACE PARK CLO, LTD	CIB	Corporate loans
VCL MASTER RESIDUAL VALUE S.A.	CIB	Finance lease
VOLKSWAGEN LEASING GMBH	CIB	Finance lease
VEHICLES WHICH ACQUIRE EXPOSURES ORIGINATED BY THE GROUP (ORIGINATOR)(**)		
AUTOFLORENCE 1 SRL	Personal Finance	Finance lease
AUTOFLORENCE 2 SRL	Personal Finance	Consumer loans
AUTONORIA 2019	Personal Finance	Consumer loans
AUTONORIA SPAIN 2019	Personal Finance	Consumer loans
AUTONORIA SPAIN 2021, FT	Personal Finance	Consumer loans
BANK OF THE WEST AUTO TRUST 2017-1	International Retail Banking	Consumer loans
BANK OF THE WEST AUTO TRUST 2019-1	International Retail Banking	Consumer loans
BNP PARIBAS ARBITRAGE ISSUANCE B.V. – RESONANCE 3	CIB	Corporate loans

	Business line which initiated the vehicle	Underlying asset category(*)
ECARAT 10	Personal Finance	Consumer loans
E-CARAT 11 PLC	Personal Finance	Consumer loans
EUROPEAN INVESTMENT FUND	CIB	Corporate loans
EUROPEAN INVESTMENT FUND MINERVA	BNL bc	Corporate loans
EUROPEAN INVESTMENT FUND MINERVA 2	BNL bc	Corporate loans
EUROPEAN INVESTMENT FUND PROXIMA2	French Retail Banking	Corporate loans
FCT MONTE CRISTO 2	CIB	Corporate loans
FCT MONTE CRISTO 2 COMPARTMENT RESONANCE 6B	CIB	Corporate loans
FCT MONTE CRISTO 2 COMPARTMENT WAGNER	CIB	Corporate loans
FONDS COMMUN DE TITRISATION- RESONANCE 4	CIB	Corporate loans
JUNO_1	BNL bc	Corporate loans
JUNO_2	BNL bc	Corporate loans
NORIA 2018-1	Personal Finance	Consumer loans
NORIA 2021	Personal Finance	Consumer loans
PARK MOUNTAIN SECURITISATION 2019	Belgian Retail Banking	Corporate loans
PIXEL 2021	Leasing Solutions	Finance lease
PROJECT WALL	CIB	Residential real estate
SYNDICATE 1458 – RESONANCE 5	CIB	Corporate loans
VEHICLES INCLUDED IN THE PRUDENTIAL CONSOLIDATION SCOPE	See note 7.l (reference t) to the consolidated financial statements	

(*) The category is based on the predominant underlying asset of the securitisation.
(**) Efficient securitisations.

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 9: *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 68: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK (EU SEC1)

																31 December 2021
	originator							**sponsor**				**investor**				
	Traditional				**Synthetic**			**Traditional**				**Traditional**				
	STS(2)		**Non-STS**													
In millions of euros		**of which SRT(3)**		**of which SRT(3)**		**of which SRT(3)**	**Total**	**STS(2)**	**Non-STS**	**Synthetic**	**Total**	**STS(2)**	**Non-STS**	**Synthetic**	**Total**	**Total**
Retail exposures	**8,725**	**858**	**43,051**	**326**	**-**	**-**	**51,775**	**-**	**10,505**	**-**	**10,505**	**1,206**	**2,490**	**-**	**3,695**	**65,976**
of which residential mortgages	*154*	*-*	*37,577*	*10*	*-*	*-*	*37,731*	*-*	*502*	*-*	*502*	*437*	*1,937*		*2,374*	*40,608*
of which credit card receivables	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*2,732*	*-*	*2,732*	*-*	*38*		*38*	*2,770*
of which other retail	*8,571*	*858*	*5,473*	*316*	*-*	*-*	*14,044*	*-*	*7,271*	*-*	*7,271*	*769*	*514*		*1,283*	*22,598*
of which re-securitisation							*-*				*-*				*-*	*-*
Corporate exposures	**150**	**150**	**12,077**	**10**	**34,238**	**34,238**	**46,464**	**2,327**	**9,856**	**-**	**12,184**	**293**	**9,559**	**-**	**9,852**	**68,500**
of which loans to corporates	*-*	*-*	*11,978*	*10*	*34,238*	*34,238*	*46,216*	*102*	*1,170*	*-*	*1,272*	*-*	*8,938*		*8,938*	*56,426*
of which commercial mortgages	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*131*	*-*	*131*	*-*	*18*		*18*	*149*
of which finance leases	*150*	*150*	*99*	*-*	*-*	*-*	*249*	*782*	*4,455*	*-*	*5,237*	*293*	*548*		*841*	*6,326*
of which other assets	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1,444*	*4,101*	*-*	*5,544*	*-*	*55*		*55*	*5,599*
of which re-securitisation							*-*				*-*				*-*	*-*
TOTAL	**8,875**	**1,008**	**55,128**	**336**	**34,238**	**34,238**	**98,240**	**2,327**	**20,361**	**-**	**22,688**	**1,498**	**12,049**	**-**	**13,547**	**134,475**

31 December 2020

In millions of euros	originator							sponsor				investor				
	Traditional				Synthetic			Traditional				Traditional				
	STS(2)		Non-STS													
		of which SRT(3)		of which SRT(3)		of which SRT(3)	Total	STS(2)	Non-STS	Synthetic	Total	STS(2)	Non-STS	Synthetic	Total	Total
Retail exposures	**8,212**	**237**	**43,578**	**578**	**1,201**	**-**	**52,991**	**984**	**10,613**	**-**	**11,597**	**12**	**4,516**	**-**	**4,528**	**69,116**
of which residential mortgages	*33*	*-*	*37,554*	*11*	*-*	*-*	*37,587*	*-*	*369*	*-*	*369*	*12*	*3,867*		*3,879*	*41,835*
of which credit card receivables	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*2,869*	*-*	*2,869*	*-*	*56*		*56*	*2,925*
of which other retail	*8,179*	*237*	*6,024*	*566*	*1,201*	*-*	*15,404*	*984*	*7,375*	*-*	*8,359*	*-*	*593*		*593*	*24,355*
of which re-securitisation							*-*				*-*				*-*	*-*
Corporate exposures	**53**	**53**	**9,667**	**14**	**33,913**	**33,913**	**43,633**	**1,004**	**10,249**	**-**	**11,253**	**-**	**4,462**	**-**	**4,462**	**59,348**
of which loans to corporates	*-*	*-*	*9,667*	*14*	*33,913*	*33,913*	*43,580*	*84*	*574*	*-*	*657*	*-*	*4,195*		*4,195*	*48,433*
of which commercial mortgages	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*19*		*19*	*19*
of which finance leases	*53*	*53*	*-*	*-*	*-*	*-*	*53*	*920*	*3,449*	*-*	*4,370*	*-*	*229*		*229*	*4,651*
of which other assets	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*6,226*	*-*	*6,226*	*-*	*19*		*19*	*6,245*
of which re-securitisation							*-*				*-*				*-*	*-*
TOTAL	**8,265**	**290**	**53,245**	**591**	**35,114**	**33,913**	**96,624**	**1,988**	**20,862**	**-**	**22,850**	**12**	**8,978**	**-**	**8,990**	**128,464**

(1) Based on the predominant asset class in the asset pool of the securitisation in which the position is held.
(2) Simple, Transparent and Standards securitisation programmes (see next section).
(3) Efficient securitisation programmes, for which the criteria for significant risk transfer are met (see paragraph Risk transfer of own account securitisation transactions, in the section on BNP Paribas securitisation activities).

➤ TABLE 69: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	**31 December 2021**	**31 December 2020**
Senior tranche	71,162	66,155
Mezzanine tranche	462	306
First-loss tranche	193	174
TOTAL	**71,817**	**66,635**

At 31 December 2021, 99.1% of the securitisation positions held or acquired by the Group were senior tranches, compared with 99.3% at 31 December 2020, reflecting the high quality of the Group's portfolio.

RISK-WEIGHTED ASSETS

The revised securitisation framework came into force on 1 January 2019 with the application of Regulation (EU) No. 2017/2401 and Regulation (EU) No. 2017/2402. It 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.

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 13.6 billion at 31 December 2021, or 1.9% of BNP Paribas total risk-weighted assets, compared with EUR 14.5 billion at 31 December 2020 (2.1% of Group total risk-weighted assets).

➤ TABLE 70: SECURITISATION RISK-WEIGHTED ASSET MOVEMENTS BY KEY DRIVER

RWAs In millions of euros	31 December 2020	Key driver							Total variation	31 December 2021
		Asset size	Asset quality	Model updates	Methodology and policy	Acquisitions and disposals	Currency	Other		
Securitisation	14,472	(209)	(365)	(580)	-	-	367	(58)	(845)	13,627

➤ TABLE 71: SECURITISATION EXPOSURES AND RISK WEIGHTED ASSETS – INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR (EU SEC3)

31 December 2021

In millions of euros	**Exposure values (by RW bands/deductions)**					**Exposure values (by regulatory approach)**				**RWA (by regulatory approach)(**)**			
	≤ 20%	**> 20% ≤ 50%**	**> 50% ≤ 100%**	**> 100% < 1,250%**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**
Traditional transactions	**19,347**	**4,060**	**511**	**95**	**19**	**1,440**	**2,275**	**20,298**	**19**	**454**	**710**	**3,595**	
Securitisation	19,347	4,060	511	95	19	1,440	2,275	20,298	19	454	710	3,595	
Retail	*8,711*	*2,698*	*238*	*39*	*2*	*627*	*1,460*	*9,600*	*2*	*153*	*452*	*1,743*	
Of which STS	*819*	*2*	*9*	*26*	*2*	*327*	*529*	*-*	*2*	*85*	*151*	*-*	
Wholesale	*10,636*	*1,361*	*273*	*56*	*17*	*813*	*815*	*10,698*	*17*	*301*	*258*	*1,852*	
Of which STS	*2,381*	*21*	*28*	*31*	*16*	*-*	*657*	*1,803*	*16*	*-*	*208*	*182*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic transactions	**33,884**	**-**	**-**	**188**	**167**	**34,071**	**-**	**-**	**167**	**6,087**	**-**	**-**	
Securitisation	33,884	-	-	188	167	34,071	-	-	167	6,087	-	-	
Retail underlying	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	
Wholesale	*33,884*	*-*	*-*	*188*	*167*	*34,071*	*-*	*-*	*167*	*6,087*	*-*	*-*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	**53,230**	**4,060**	**511**	**283**	**186**	**35,511**	**2,275**	**20,298**	**186**	**6,541**	**710**	**3,595**	

(*) The group opted for the deduction of CET1 capital rather than the 1,250% weighting.

(**) After application of the regulatory ceiling. Capital requirements correspond to 8% of risk-weighted assets.

31 December 2020

	Exposure values (by RW bands/deductions)					**Exposure values (by regulatory approach)**				**RWA (by regulatory approach)(**)**			
In millions of euros	**≤ 20%**	**> 20% ≤ 50%**	**> 50% ≤ 100%**	**> 100% < 1,250%**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**
Traditional transactions	**19,151**	**3,033**	**1,221**	**295**	**32**	**19,702**	**696**	**3,302**	**32**	**4,888**	**736**	**693**	
Securitisation	19,151	3,033	1,221	295	32	19,702	696	3,302	32	4,888	736	693	
Retail	*10,091*	*1,902*	*210*	*196*	*12*	*9,865*	*102*	*2,433*	*12*	*2,434*	*51*	*441*	
Of which STS	*1,189*	*5*	*3*	*20*	*5*	*718*	*86*	*413*	*5*	*185*	*46*	*82*	
Wholesale	*9,059*	*1,130*	*1,011*	*99*	*20*	*9,837*	*594*	*869*	*20*	*2,453*	*686*	*253*	
Of which STS	*965*	*48*	*2*	*25*	*17*	*920*	*120*	*-*	*17*	*184*	*119*	*-*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic transactions	**33,693**	**-**	**-**	**79**	**142**	**33,772**	**-**	**-**	**142**	**6,042**	**-**	**-**	
Securitisation	33,693	-	-	79	142	33,772	-	-	142	6,042	-	-	
Retail underlying	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	
Wholesale	*33,693*	*-*	*-*	*79*	*142*	*33,772*	*-*	*-*	*142*	*6,042*	*-*	*-*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	**52,843**	**3,033**	**1,221**	**374**	**174**	**53,473**	**696**	**3,302**	**174**	**10,930**	**736**	**693**	

(*) The Group opted for the deduction of CET1 capital rather than the 1,250% weighting.

(**) After application of the regulatory ceiling. Capital requirements correspond to 8% of risk-weighted assets.

➤ TABLE 72: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS – BNP PARIBAS ACTING AS INVESTOR (EU SEC4)

31 December 2021

	Exposure values (by RW bands/deductions)					EAD				Risk weighted assets(**)			
In millions of euros	**≤ 20%**	**> 20% ≤ 50%**	**> 50% ≤ 100%**	**> 100% < 1,250%**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**
Traditional transactions	**11,803**	**1,283**	**322**	**139**	-	**8,925**	**1,185**	**3,437**	-	**1,608**	**577**	**595**	
Securitisation	11,803	1,283	322	139	-	8,925	1,185	3,437	-	1,608	577	595	
Retail	*3,146*	*373*	*91*	*85*	-	-	*621*	*3,075*	-	-	*479*	*461*	
Of which STS	*1,206*	-	-	-	-	-	-	*1,206*	-	-	-	*121*	
Wholesale	*8,657*	*910*	*231*	*54*	-	*8,925*	*564*	*363*	-	*1,608*	*98*	*134*	
Of which STS	*292*	*0*	-	-	-	-	-	*293*	-	-	-	*29*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	**11,803**	**1,283**	**322**	**139**	-	**8,925**	**1,185**	**3,437**	-	**1,608**	**577**	**595**	

(*) The Group opted for the deduction of CET1 capital instead of the 1,250% weighting.

(**) After application of the regulatory ceiling. Capital requirements correspond to 8% of risk-weighted assets.

31 December 2020

	Exposure values (by RW bands/deductions)					**EAD**				**Risk weighted assets(**)**			
In millions of euros	**≤ 20%**	**> 20% ≤ 50%**	**> 50% ≤ 100%**	**> 100% < 1,250%**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**	**SEC-IRBA**	**SEC-ERBA**	**SEC-SA**	**deductions(*)**
Traditional transactions	**7,624**	**1,124**	**131**	**108**	**3**	**7,326**	**819**	**842**	**3**	**1,349**	**534**	**230**	
Securitisation	7,624	1,124	131	108	3	7,326	819	842	3	1,349	534	230	
Retail	*3,667*	*669*	*105*	*86*	*-*	*2,994*	*755*	*842*	*-*	*604*	*507*	*120*	
Of which STS	*12*	*-*	*-*	*-*	*-*	*-*	*-*	*778*	*-*	*-*	*-*	*2*	
Wholesale	*3,957*	*455*	*26*	*22*	*3*	*4,332*	*63*	*12*	*3*	*745*	*26*	*109*	
Of which STS	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*64*	*-*	*-*	*-*	*-*	
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	**7,624**	**1,124**	**131**	**108**	**3**	**7,326**	**819**	**842**	**3**	**1,349**	**534**	**230**	

(*) The Group opted for the deduction of CET1 capital instead of the 1,250% weighting.

(**) After application of the regulatory ceiling. Capital requirements correspond to 8% of risk-weighted assets.

Guarantees on securitisation positions amounted to EUR 231 million as at 31 December 2021, compared with EUR 243 million at 31 December 2020.

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 – method SA-CCR

For non-modelled counterparty credit risk exposures, the derivative exposure at default is calculated using the standardised approach for counterparty credit risk (SA-CCR) in accordance with Article 274 of Regulation (EU) No. 876/2019

The exposure at default of a netting set using the standardised approach to counterparty risk is based on:

- the replacement cost (RC), calculated in accordance with Article 275;
- potential future exposure (PFE), calculated in accordance with Article 278;
- the regulatory factor alpha, set in accordance with Article 274.

The exposure at default on securities financing transactions (SFTs) is calculated using the Financial Collateral Comprehensive Method in accordance with Article 223 of Regulation (EU) No. 575/2013.

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, corporates, clearing houses, *etc.*) and the type of exposure used to measure and manage counterparty risk:

- the highest value of potential future exposures (Max PFE) for modelled exposures;
- the exposure value calculated using the standardised approach for non-modelled exposures.

The exposure of each counterparty is calculated to verify 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 derivative 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 derivative 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 the 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 Financial Markets Risk Committee (FMRC), 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 73: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY ASSET CLASS (EXCL. CVA RISK CHARGE)

	31 December 2021			31 December 2020			Variation
EAD *In millions of euros*	**IRBA**	**Standardised approach**	**Total**	**IRBA**	**Standardised approach**	**Total**	**Total**
Bilateral counterparty credit risk	**171,668**	**2,503**	**174,171**	**172,912**	**1,845**	**174,758**	**(587)**
Central governments and central banks	43,779	209	43,988	57,422	73	57,495	(13,506)
Corporates	99,277	1,680	100,962	90,253	1,524	91,777	9,185
Institutions(*)	28,612	608	29,215	25,237	238	25,475	3,741
Retail	0	6	6	0	11	11	(5)
Exposure to CCP related to clearing activities	**3,314**	**50,348**	**53,662**	**3,205**	**38,545**	**41,750**	**11,912**
TOTAL	**174,982**	**52,852**	**227,833**	**176,118**	**40,390**	**216,508**	**11,325**

(*) 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 2021 (stable compared with 31 December 2020).

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 74: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY PRODUCT (EXCL. CVA RISK CHARGE)

EAD *In millions of euros*	**31 December 2021** Bilateral counterparty credit risk		**Exposure to CCP related to clearing activities**		**Total**	**31 December 2020** Bilateral counterparty credit risk		**Exposure to CCP related to clearing activities**		**Total**
OTC derivatives	104,206	89.90%	11,704	10.10%	115,911	103,899	89.97%	11,587	10.03%	115,486
Securities Financing Transactions	69,965	93.86%	4,579	6.14%	74,544	70,858	96.37%	2,673	3.63%	73,531
Listed derivatives			22,579	100.00%	22,579			23,085	100.00%	23,085
Default fund contribution			14,799	100.00%	14,799			4,406	100.00%	4,406
TOTAL	**174,171**	**76.45%**	**53,662**	**23.55%**	**227,833**	**174,758**	**80.72%**	**41,750**	**19.28%**	**216,508**

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, TEB and EXANE, EAD is calculated using the standardised approach to counterparty credit risk. 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.

Since 30 June 2021, exposures not modelled are calculated according to the provisions of Article 274 of Regulation (EU) No. 876/2019 (SA-CCR method) and no longer using the "Mark-to-market" valuation method.

➤ TABLE 75: BILATERAL COUTERPARTY CREDIT RISK EXPOSURES AT DEFAULT BY APPROACH (EU CCR1)

In millions of euros	**Replacement cost (RC)**	**Potential future exposure (PFE)**	**EEPE(**)**	**Alpha used for computing regulatory exposure value**	**Exposure value**	**31 December 2021** **RWA**	**Of which standard approach**	**Of which IRB approach**
SA-CCR (for derivatives)	340	1,715		1.40	2,876	2,238	2,007	232
IMM (for derivatives and SFTs)(*)			103,800	1.65	171,270	31,629	2	31,627
Of which securities financing transactions			*42,388*		*69,940*	*6,106*	*2*	*6,104*
Of which derivatives and long-settlement transactions			*61,412*		*101,330*	*25,523*		*25,523*
Financial collateral simple method (for SFTs)					25	8		8
TOTAL					**174,171**	**33,875**	**2,009**	**31,866**

(*) Securities Financing Transactions.
(**) Effective Expected Positive Exposure.

In millions of euros	**31 December 2020**

	NPV(**) + Add-on	EEPE(**)	Alpha used for computing regulatory exposure value	Exposure value	RWA		
						Of which standard approach	Of which IRB approach
Mark-to-market	3,042			1,901	1,654	1,609	45
IMM (for derivatives and SFTs)(*)		108,035	1.75	172,856	33,164	6	33,158
Of which securities financing transactions		*44,283*	*1.75*	*70,853*	*4,015*	*5*	*4,010*
Of which derivatives and long-settlement transactions		*63,752*	*1.75*	*102,003*	*29,149*	*1*	*29,148*
TOTAL				**174,758**	**34,818**	**1,615**	**33,203**

(*) Securities Financing Transactions.
(**) Net Present Value.
(***) Effective Expected Positive Exposure.

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 76: IRBA BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT (EU CCR4)

							31 December 2021	
In millions of euros	PD scale	EAD	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	Average RW
Central governments or central banks	0.00 to < 0.15%	43,333	0.02%	100 to 1,000	2%	2	172	0%
	0.15 to < 0.25%	36	0.20%	0 to 100	20%	3	8	23%
	0.25 to < 0.50%	335	0.30%	0 to 100	48%	0	110	33%
	0.50 to < 0.75%	0	0.69%	0 to 100	50%	4	1	119%
	0.75 to < 2.50%	70	1.75%	0 to 100	18%	5	39	56%
	2.50 to < 10.0%							
	10.0 to < 100%	5	n.s.	0 to 100	n.s.	n.s.	21	n.s.
SUB-TOTAL		**43,779**	**0%**		**2%**	**2**	**351**	**1%**
Institutions	0.00 to < 0.15%	24,838	0.05%	1,000 to 10,000	42%	1	3,880	16%
	0.15 to < 0.25%	1,597	0.18%	100 to 1,000	45%	1	550	34%
	0.25 to < 0.50%	1,214	0.34%	100 to 1,000	51%	1	681	56%
	0.50 to < 0.75%	178	0.58%	0 to 100	59%	1	168	94%
	0.75 to < 2.50%	642	1.24%	100 to 1,000	46%	1	559	87%
	2.50 to < 10.0%	141	3.98%	100 to 1,000	63%	1	258	183%
	10.0 to < 100%	2	15.79%	0 to 100	46%	1	5	246%
SUB-TOTAL		**28,612**	**0.12%**		**43%**	**1**	**6,101**	**21%**
Corporates	0.00 to < 0.15%	75,811	0%	20,000 to 30,000	32%	1	11,615	15%
	0.15 to < 0.25%	7,930	0%	1,000 to 10,000	37%	2	2,571	32%
	0.25 to < 0.50%	6,543	0%	1,000 to 10,000	32%	2	2,621	40%
	0.50 to < 0.75%	1,976	1%	100 to 1,000	36%	3	1,326	67%
	0.75 to < 2.50%	4,854	1%	1,000 to 10,000	46%	1	4,594	95%
	2.50 to < 10.0%	1,645	4%	1,000 to 10,000	42%	2	2,226	135%
	10.0 to < 100%	295	16%	100 to 1,000	35%	2	462	156%
	100% (defaults)	224	100%	100 to 1,000			0	0%
SUB-TOTAL		**99,277**	**0%**		**33%**	**1**	**25,415**	**26%**
Retail			n.s.		n.s.	n.s.		n.s.
TOTAL		**171,668**	**0.31%**		**27%**	**1**	**31,866**	**19%**

							31 December 2020	
In millions of euros	PD scale	EAD	Average PD	Number of obligors	Average LGD	Average maturity	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%	-	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.
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%	1	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	-	-	-	-
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% (defaults)	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%**

➤ TABLE 77: STANDARDISED BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT (EU CCR3)

	31 December 2021							
	EAD							
Risk weight *In millions of euros*	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total**	**RWAs**

Central governments or central banks	-	-	209	-	1	-	**209**	**105**
Institutions	-	215	353	-	34	6	**608**	**253**
Corporates	-	19	69	-	1,553	39	**1,680**	**1,646**
Retail	-	-	-	6	-	-	**6**	**5**
TOTAL	**-**	**234**	**630**	**6**	**1,588**	**45**	**2,503**	**2,009**

								31 December 2020
							EAD	
Risk weight *In millions of euros*	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total**	**RWAs**
Central governments or central banks	-	-	68	-	4	-	**73**	**39**
Institutions	-	179	42	-	16	-	**238**	**73**
Corporates	-	13	53	-	1,438	19	**1,524**	**1,495**
Retail	-	-	-	11	-	-	**11**	**8**
TOTAL	**-**	**193**	**164**	**11**	**1,458**	**19**	**1,845**	**1,615**

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.

The table below presents the breakdown of the risk-weighted assets by method and category of exposure to central counterparties.

➤ TABLE 78: EXPOSURES TO CCPS (EU CCR8)

		31 December 2021		31 December 2020	
In millions of euros		**EAD**	**RWAs**	**EAD**	**RWAs**
1	**Exposures to QCCPs (total)**		**2,647**		**3,333**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	25,507	1,186	21,798	1,230
3	*of which OTC derivatives*	*4,325*	*113*	*4,539*	*91*
4	*of which exchange-traded derivatives*	*17,868*	*920*	*16,049*	*1,116*
5	*of which SFTs(*)*	*3,314*	*152*	*1,209*	*24*
8	Non-segregated initial margin	13,348	290	14,328	337
9	Prefunded default fund contributions	5,046	1,170	4,372	1,713
10	Unfunded default fund contributions	9,753	-		
11	**Exposures to non-eligible CCPs**		**8**		**-**
18	Non-segregated initial margin	8	8	-	-
19	Prefunded default fund contributions	0	0	-	-

(*) Securities Financing Transactions.

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 79: CVA RISK CAPITAL CHARGE (EU CCR2)

	31 December 2021		31 December 2020	
In millions of euros	**EAD**	**RWAs**	**EAD**	**RWAs**
Advanced approach	**160,146**	**3,460**	**35,994**	**2,486**
CVA VaR charge		361		796
CVA SVaR charge		3,098		1,690
Standardised approach	**692**	**448**	**462**	**324**
TOTAL	**160,838**	**3,908**	**36,455**	**2,810**

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.

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 liabilities*.

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 591 million at 31 December 2021, compared with EUR 444 million at 31 December 2020.

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 80: COMPOSITION OF COLLATERAL GIVEN AND RECEIVED (EU CCR5)**

	31 December 2021					
	Collateral used in derivative transactions				Collateral used in SFTs(*)	
	Fair value of collateral received		Fair value of posted collateral			
In millions of euros	Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	Fair value of posted collateral
Cash – domestic currency	-	39,060	7,367	51,303	159,717	171,918
Cash – other currencies	-	49,808	1,612	21,339	285,834	255,921
Domestic sovereign debt-euro	6,423	6,936	11,050	2,887	223,596	200,487
Other sovereign debt	4,436	3,496	7,276	4,737	283,668	275,510
Government agency debt	53	550	619	-	4,430	3,445
Corporate bonds	6,151	1,795	3,262	387	68,423	70,932
Equity securities	608	3	-	-	120,869	116,486
Other collateral	-	9	-	-	166	541
TOTAL	**17,671**	**101,656**	**31,187**	**80,654**	**1,146,703**	**1,095,239**

(*) Securities Financing Transactions.

	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 – domestic currency	33,769	55,821	119,551	134,609
Cash – other currencies	20,356	25,194	299,982	249,652
Domestic sovereign debt-euro	7,015	10,527	203,789	199,955
Other sovereign debt	4,823	7,876	262,572	304,567
Government agency and Corporate debt	11,613	8,337	74,569	86,345
Equity securities	377	-	102,028	88,594
Other collateral	183	-	737	772
TOTAL	**78,135**	**107,755**	**1,063,228**	**1,064,493**

(*) Securities Financing Transactions.

CREDIT DERIVATIVE EXPOSURES

The following table summarises all the notional amounts and market values of the trading portfolio credit derivatives.

➤ TABLE 81: CREDIT DERIVATIVES EXPOSURES (EU CCR6)

	31 December 2021	
In millions of euros	**Protection bought**	**Protection sold**
Notionals	**520,738**	**419,740**
Single-name credit default swaps	198,676	160,439
Index credit default swaps	247,707	189,482
Total return swaps	5,958	3,347
Credit options	67,752	66,473
Other credit derivatives	644	-
Fair values	**(6,963)**	**6,884**
Positive fair value (asset)	861	7,639
Negative fair value (liability)	(7,824)	(755)

	31 December 2020	
In millions of euros	Protection bought	Protection sold
Notionals	**514,011**	**422,433**
Single-name credit default swaps	210,280	177,648
Index credit default swaps	247,590	192,914
Total return swaps	2,594	1,052
Credit options	53,140	50,818
Other credit derivatives	408	-
Fair values	**(7,108)**	**6,569**
Positive fair value (asset)	917	7,416
Negative fair value (liability)	(8,026)	(847)

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

➤ TABLE 82: COUNTERPARTY CREDIT RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWAs			Capital requirements		
In millions of euros	31 December 2021	31 December 2020	Variation	31 December 2021	31 December 2020	Variation
Bilateral counterparty credit risk (SA-CCR and IMM)	33,867	34,818	(951)	2,709	2,785	(76)
Exposure to CCP related to clearing activities(*)	2,654	3,333	(678)	212	267	(54)
CVA charge	3,908	2,810	1,098	313	225	88
Others (financial collateral simple method)	8	-	8	1	-	1
TOTAL	**40,437**	**40,961**	**(524)**	**3,235**	**3,277**	**(42)**

(*) Counterparty credit risk related to clearing activities.

➤ TABLE 83: COUNTERPARTY CREDIT RWA MOVEMENTS BY KEY DRIVER (EU CCR7)

➤ *1st quarter 2022*

		RWAs - Counterparty credit risk		Capital Requirements - Counterparty credit risk	
	In millions of euros	Total	of which internal model method (IMM)	Total	of which internal model method (IMM)
1	**31 December 2021**	**40,437**	**31,629**	**3,235**	**2,530**
2	Asset size	5,535	5,292	443	423
3	Asset quality	(889)	(1,034)	(71)	(83)
4	Model update	131	131	10	10
5	Methodology and policy	327	327	26	26
6	Acquisitions and disposals	-	-	-	-
7	Currency	(13)	0	(1)	0
8	Other	1,152	67	92	5
9	**31 March 2022**	**46,681**	**36,412**	**3,734**	**2,913**

➤ *4th quarter 2021*

	RWAs – Counterparty credit risk		Capital requirements – Counterparty credit risk	
In millions of euros	Total	of which internal model method (IMM)	Total	of which internal model method (IMM)
30 September 2021	**42,262**	**31,531**	**3,381**	**2,522**
Asset size	(1,852)	(1,535)	(148)	(123)
Asset quality	(774)	(452)	(62)	(36)
Model update	(26)	(281)	(2)	(23)
Methodology and policy	-	-	-	-
Acquisitions and disposals	600	600	48	48
Currency	(19)	0	(2)	0
Other	245	1,766	20	167
31 DECEMBER 2021	**40,437**	**31,629**	**3,235**	**2,556**

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 REQUIREMENTS AND RISK-WEIGHTED ASSETS

➤ TABLE 84: MARKET RISK CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

	RWAs			Capital requirements		
In millions of euros	**31 December 2021**	**31 December 2020**	**Variation**	**31 December 2021**	**31 December 2020**	**Variation**
Internal model approach	22,472	23,114	(643)	1,798	1,849	(51)
Standardised approach	918	1,042	(124)	73	83	(10)
Trading book securitisation positions	1,450	1,054	396	116	84	32
TOTAL	**24,839**	**25,210**	**(371)**	**1,987**	**2,017**	**(30)**

Within the BNP Paribas Group, market risk is primarily handled using the internal model approach.

As at 31 December 2021, market risk-weighted assets decreased, mainly due to the change in VaR in the first half of the year and the decrease in the VaR and SVaR multiplication factor compared to 31 December 2020.

➤ TABLE 85: MARKET RISK UNDER THE INTERNAL MODEL APPROACH (EU MR2-A)

		31 December 2021		31 December 2020	
	In millions of euros	RWAs	Capital requirements	RWAs	Capital requirements
1	**VaR(*) (higher of values 1.a and 1.b)**	**4,541**	**363**	**6,974**	**558**
1.a	Previous day's VaR		102		172
1.b	Average of the daily VaR on each of the preceding 60 business days x multiplication factor		363		558
2	**SVaR(*) (higher of values 2.a and 2.b)**	**14,434**	**1,155**	**12,198**	**976**
2.a	Latest SVaR		328		289
2.b	Average of the daily SVaR during the preceding 60 business days x multiplication factor		1,155		976
3	**IRC(*)(**) (higher of values 3.a and 3.b)**	**2,778**	**222**	**3,268**	**261**
3.a	Last measure		186		238
3.b	Average of the IRC number over the preceding 12 weeks		222		261
4	**CRM(***) (higher of values 4.a, 4.b and 4.c)**	**719**	**57**	**675**	**54**
4.a	Last measure		45		44
4.b	Average of the CRM over the preceding 12 weeks		57		54
4.c	8% of the capital requirement in the standardised approach on the most recent CRM for the correlation trading portfolio		41		35
6	**TOTAL**	**22,472**	**1,797**	**23,114**	**1,849**

(*) VaR, SVaR and IRC include all the components taken into account in the calculation of RWA.
(**) 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 and raw materials risk for the banking book (See section 5.7 *Market risk related to banking activities*).

➤ TABLE 86: MARKET RISK UNDER THE STANDARDISED APPROACH (EU MR1)

		31 December 2021		31 December 2020	
	In millions of euros	RWAs	Capital requirements	RWAs	Capital requirements
	Outright products				
1	Interest rate risk (general and specific)	350	28	337	27
2	Equity risk (general and specific)	0	0	0	-
3	Foreign exchange risk	552	44	675	54
4	Commodity risk	0	0		
	Options				
7	Scenario approach	16	1	30	2

8	**Securitisation (specific risk)**	**1,450**	**116**	**1,054**	**84**
9	**TOTAL**	**2,367**	**189**	**2,096**	**168**

➤ TABLE 87: MARKET RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER (EU MR2-B)

➤ *1st quarter 2021*

	In millions of euros	VaR	SVaR	IRC(*)	CRM(**)	Standardised approach	Total RWAs	Total capital requirements
1	**31 December 2021**	**4,541**	**14,434**	**2,778**	**719**	**2,367**	**24,839**	**1,987**
2.a	Asset size	(145)	(3,279)	450	40	735	(2,199)	(176)
2.b	Asset quality	144	(59)	-	-	-	85	7
3	Model update	22	197	388	100	11	718	57
4	Methodology and policy	-	-	-	-	4,661	4,661	373
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Currency	-	-	-	-	-	-	-
7	Other	3	(7)	91	0	611	698	56
8	**31 March 2022**	**4,565**	**11,286**	**3,707**	**858**	**8,386**	**28,802**	**2,304**

(*) Incremental Risk Charge.

(**) Comprehensive Risk Measure.

➤ *4th quarter 2021*

	In millions of euros	VaR	SVaR	IRC(*)	CRM(**)	Standardised approach	Total RWAs	Total capital requirements
1	**30 September 2021**	**4,557**	**12,987**	**3,054**	**608**	**2,261**	**23,466**	**1,877**
2.a	Asset size	348	2,263	(151)	(87)	289	2,663	213
2.b	Asset quality	(93)	(627)	80	198	-	(442)	(35)
3	Model update	(265)	(173)	(185)	-	-	(623)	(50)
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Currency	-	-	-	-	-	-	-
7	Other	(7)	(15)	(19)	0	(183)	(224)	(18)
8	**31 DECEMBER 2021**	**4,541**	**14,434**	**2,778**	**719**	**2,367**	**24,839**	**1,987**

(*) Incremental Risk Charge.

(**) Comprehensive Risk Measure.

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.

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 Financial Market Risk Committee (FMRC) 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 FMRC 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 Bank's Deputy 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.

As part of BCBS 239 Principles for effective risk data aggregation and risk reporting by the Basel Committee, a quarterly reconciliation process ensures that the entire trading portfolio of Front Office systems is correctly represented in the Group's RISK and FINANCE systems, and in particular:

- that the dividing line between trading activities and banking activities is observed;
- that the internal market risk model is exhaustive: each portfolio and entity generating market risk relating to trading activities corresponds to a capital requirement.

This quarterly process is structured around the Effective Coverage of Portfolios Committee (EC) which validates the reconciliation results and any corrective and prevention actions undertaken subsequent to any discrepancies observed.

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.

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. This reflects the fact that the amount of the additional adjustments that are necessary with respect to all positions are less than the sum of the additional adjustments that may be required for the positions or risks taken individually.

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 statements.

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: FMRC, 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 reporting and diffusion of the main summary reports on risk are carried out by the MCL PAC (Market, Counterparty and Liquidity Portfolio Analysis and Capital) team within RISK.

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 FMRC 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 fortnightly) 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 2021, 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 2021, total average VaR for BNP Paribas was EUR 38 million (with a minimum of EUR 25 million and a maximum of EUR 68 million), after taking into account the -EUR 42 million netting effect between the different types of risks. These amounts break down as follows:

➤ TABLE 88: VALUE AT RISK (1-DAY, 99%) [Audited]

	Exercise 2021				Exercise 2020	
In millions of euros	Minimum(**)	Average	Maximum(**)	Last measure	Average	Last measure
Interest rate risk	16	25	55	18	30	28
Credit risk	7	14	27	7	23	21
Foreign exchange risk	5	9	16	5	12	13
Equity price risk	13	21	42	16	23	30
Commodity price risk	5	11	24	10	6	13
Netting effect(*)		*(42)*		*(29)*	*(49)*	*(58)*
TOTAL VALUE AT RISK	**25**	**38**	**68**	**27**	**45**	**47**

(*) 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.

The VaR (1 day, 99%) fell sharply in the first half of the year with the gradual removal from the reference period of the volatility peaks linked to the outbreak of the health crisis.

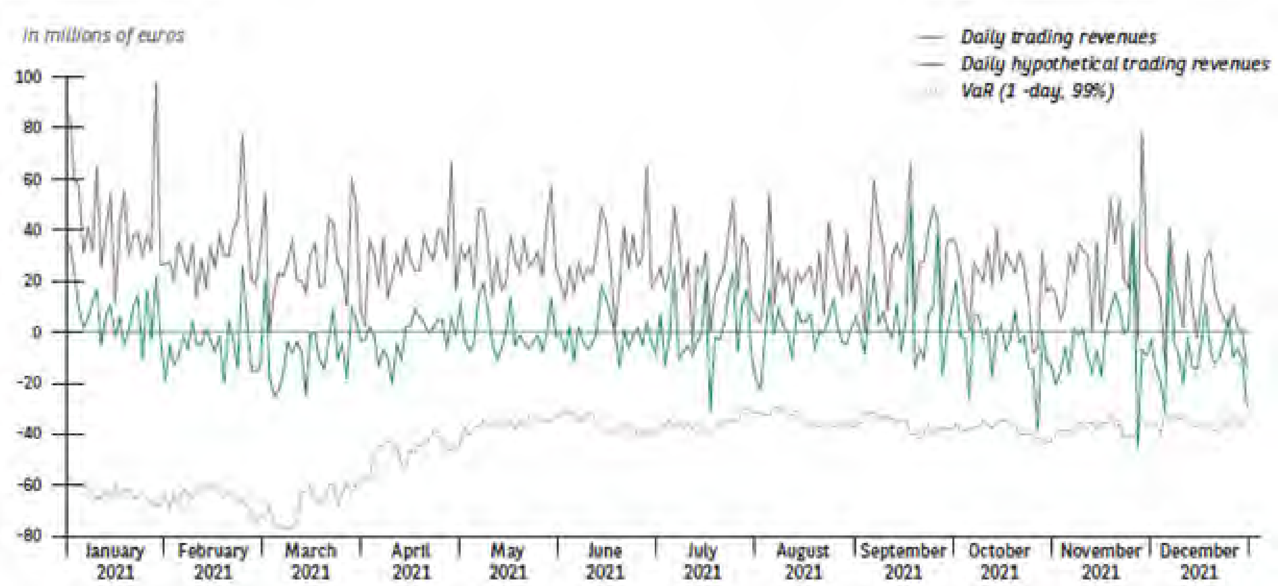
Backtesting the VaR

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.

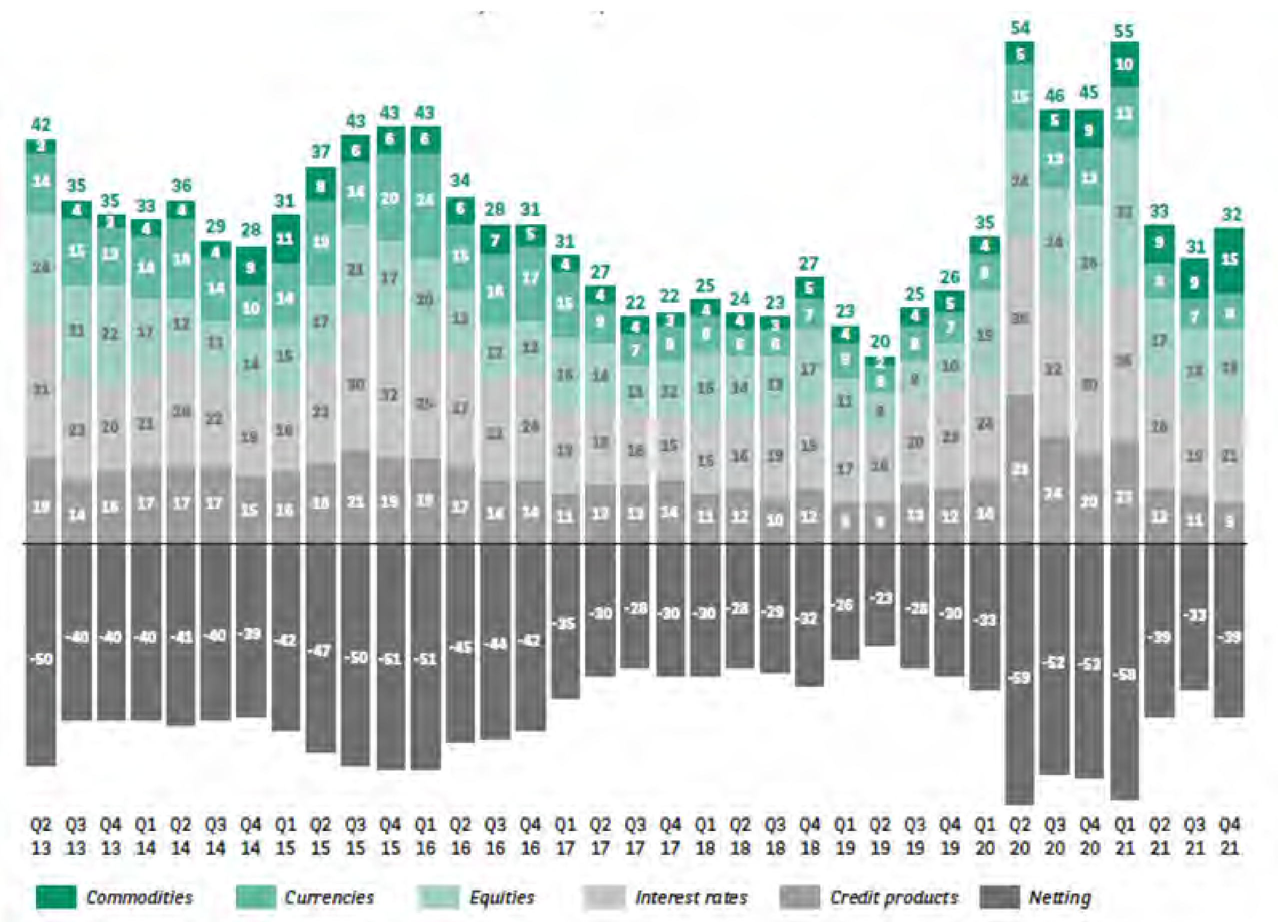
➤ **FIGURE 7: COMPARISON BETWEEN VAR (1-DAY, 99%) AND DAILY TRADING REVENUE (EU MR4)**



In 2021, a hypothetical Group-level backtesting event was observed (no real backtesting event was observed) on 26 November 2021. This hypothetical loss related to credit derivative activities results from an extreme downward movement in CDS spreads between 26 and 29 November due to reassuring news on the Omicron variant.

Quarterly change in VaR

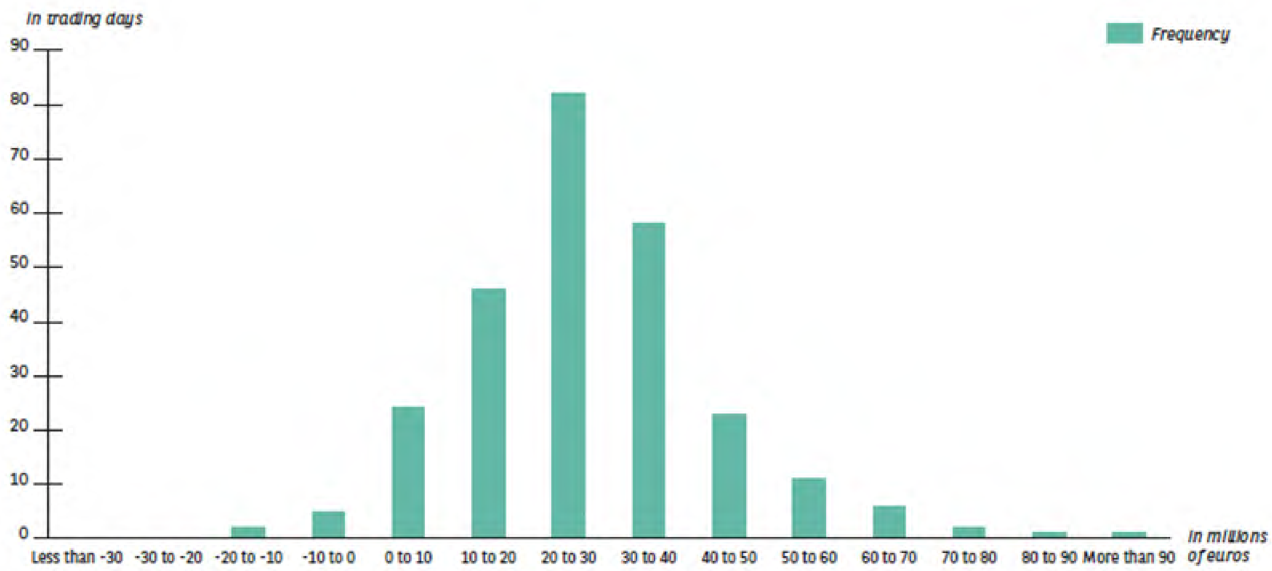
➤ **FIGURE 8: QUARTERLY CHANGE IN VAR (1-DAY, 99%)**



Distribution of daily revenue

The following histogram 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 9: DISTRIBUTION OF ACTUAL DAILY TRADING REVENUE**



Trading activities generated an actual positive result for 97% of the trading days in 2021 (*versus* 92% in 2020).

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 2021, total average VaR (10-day, 99%) for BNP Paribas is EUR 119 million (with a minimum of EUR 79 million and a maximum of EUR 214 million), after taking into account the -EUR 132 million netting effect between the different types of risks. These amounts break down as follows:

➤ **TABLE 89: VALUE AT RISK (10-DAY, 99%)** [Audited]

	Year to 31 December 2021				Year to 31 December 2020	
In millions of euros	Minimum(**)	Average	Maximum(**)	Last measure	Average	Last measure
Interest rate risk	50	79	175	57	96	90
Credit risk	22	43	84	22		67
Foreign exchange risk	16	28	49	17	39	40
Equity price risk	42	67	133	50	73	94
Commodity price risk	14	35	75	31	17	41
Netting effect(*)		*(132)*		*(92)*	*(155)*	*(184)*
TOTAL VALUE AT RISK	**79**	**119**	**214**	**85**	**142**	**148**

(*) 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.

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%) rose to nearly EUR 100 million in 2021, whereas it had been little affected by the health crisis in 2020. The increase in SVaR is mainly due to the change in the reference period that took place in January 2021.

➤ TABLE 90: STRESSED VALUE AT RISK (1-DAY, 99%)

	Exercise 2021				Exercise 2020	
In millions of euros	Minimum	Average	Maximum	Last measure	Average	Last measure
Stressed Value at Risk	75	100	141	91	88	84

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 of one year, assuming a constant level of risk. The scope to which IRC applies mainly includes plain vanilla credit products (bonds and CDS, excluding securitised products) from the trading book.

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 must be rebalanced during the one-year horizon in a manner that maintains the initial risk level. Positions that have reached maturity or are in default are thus rolled over at the beginning of the liquidity horizon.

The model, developed internally, 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 integrated into a multi-factor asset return model, resulting in the rating migration, potential default and changes in credit spreads. The performance of each debtor depends on four factors:

- a specific factor;
- three systemic factors including one global factor, one geographical factor among three regions and one sector factor among twelve, one of which is dedicated to sovereign entities.

The model is calibrated quarterly over the period from 1 February 2010 to the end of the quarter preceding the calculation date based on the CDS spread data series, and the price of corporate and institutional shares.

The simulated returns are used to calculate the probability of change in rating – which is assigned to a credit rating scenario, then a credit spread – and to define a price variation grid associated with each debtor within a credit rating scenario. Positions that can be broken down by debtor are thus valued in the various simulated scenarios. Non-linear products such as credit index options are revalued directly.

IRC remained stable throughout 2021 at around EUR 200 million.

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, an external model of returns and dependency between debtors, similar to that used for the IRC. The calibration is carried out on an annual basis. The correlation portfolio comprises of complex non-linear products. Each product is revalued directly in the various simulated scenarios.

Summary of measures taken into account within the framework of monitoring market limits

➤ TABLE 91: IMA VALUES FOR TRADING PORTFOLIOS (EU MR3)

In millions of euros		31 December 2021	31 December 2020
	VaR (10 days, 99%)		
1	Maximum value	214	226
2	Average value	119	142
3	Minimum value	79	68
4	Period end	85	148
	SVaR (10 days, 99%)		
5	Maximum value	447	379
6	Average value	318	277
7	Minimum value	237	201
8	Period end	288	264
	IRC(*) (99.9%)		
9	Maximum value	289	307
10	Average value	200	199
11	Minimum value	148	102
12	Period end	161	192
	CRM(**) (99.9%)		
13	Maximum value	81	91
14	Average value	49	48
15	Minimum value	20	12
16	Period end	45	44

(*) 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 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.

➤ TABLE 92: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE (EU SEC2)

	31 December 2021					
	Investor					
	EAD			RWA		
	Traditional			Traditional		
In millions of euros	STS	Non-STS	Synthetic	STS	Non-STS	Synthetic
Retail	**80**	**66**	**4**	**187**	**52**	**2**
Residential mortgages	*3*	*41*	*4*	*2*	*46*	*2*
Credit card receivables	*0*	*13*	*0*	*-*	*3*	*-*
Other retail exposures	*77*	*12*	*0*	*185*	*2*	*-*
Corporates	**16**	**697**	**-**	**2**	**1,206**	**-**
Loans to corporates	*0*	*436*	*0*	*0*	*1,005*	*-*
Finance lease and trade receivables	*14*	*243*	*0*	*2*	*165*	*-*
Other assets	*1*	*18*	*-*	*0*	*36*	*-*
TOTAL	**96**	**763**	**4**	**189**	**1,258**	**2**

	31 December 2020					
	Investor					
	EAD			RWA		
	Traditional			Traditional		
In millions of euros	STS	Non-STS	Synthetic	STS	Non-STS	Synthetic
Retail	**52**	**151**	**6**	**39**	**96**	**3**
Residential mortgages	*40*	*117*	*6*	*6*	*74*	*3*
Credit card receivables	*0*	*29*	*0*	*-*	*8*	*-*
Other retail exposures	*12*	*4*	*0*	*33*	*14*	*-*
Corporates	**19**	**667**	**-**	**3**	**913**	**-**
Loans to corporates	*1*	*485*	*0*	*0*	*761*	*-*
Finance lease and trade receivables	*18*	*181*	*0*	*3*	*152*	*-*
Other assets	*0*	*0*	*0*	*-*	*0*	*-*
TOTAL	**71**	**817**	**6**	**42**	**1,009**	**3**

➤ TABLE 93: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS AND CAPITAL REQUIREMENTS OUTSIDE CORRELATION BOOK BY RISK WEIGHT

In millions of euros

31 December 2021

	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%	-	-	-	42	-	42	-		
12% - 18%	-	-	-	255	-	255	-	4	4
20% - 35%		-		248	-	248	-	8	8
40% - 75%	-	-	-	-	-	-	-	-	-
100%	-	-	-	118	-	118	-	17	17
250%	-	-	-	65	-	65	-	20	20
425%	-	-	-	23	-	23	-	11	11
650%		-		75	-	75	-	57	57
Deduction(*)	2	-	2	35	-	35	-		
TOTAL	**2**	**-**	**2**	**861**	**-**	**861**	**-**	**116**	**116**

(*) The Group opted for the deduction of CET1 capital instead of the 1,250% weighting.

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%	-	0	-	49	0	49	-		
12% - 18%	-	0	-	349	0	349	-	5	5
20% - 35%	-	0	-	255	0	255	-	8	8
40% - 75%	-	-	-	-	-	-	-	-	-
100%	-	0	-	121	0	121	-	17	17
250%	-	0	-	55	0	55	-	15	15
425%	-	0	-	16	0	16	-	8	8
650%	-	0	-	42	0	42	-	31	31
Deduction(*)	1	0	1	6	0	6			
TOTAL	**1**	**0**	**1**	**893**	**0**	**893**	**0**	**84**	**84**

(*) The Group opted for the deduction of CET1 capital instead of the 1,250% weighting.

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 Financial Markets Risk Committee (FMRC). 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: crisis in the United States, mostly based on a structural crisis 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 FMRC 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 the Group Senior Executive Advisor. 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 86: *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.

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 Group Senior Executive Advisor (chairman), the Delegate Deputy Chief Operating Officers, 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. Value indicators are also used.

The maturity split is determined on the basis of the contractual terms of the transactions and 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. For current accounts, average maturities are less than five years and the proportion invested beyond 10 years is negligible.

Incorporating dynamic changes in balance sheet items, the interest rate risk is measured through indicators of the sensitivity of revenues to interest rate changes on a going concern basis. 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.

Risk limits

Interest rate risk indicators span the entire banking book as at 31 December 2021.

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.

Economic hedges transactions that do not qualify for hedge accounting under IFRS are subject to specific limits.

Sensitivity of revenues to global interest rate risk

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, in an environment of low interest rates, 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 at the end of December 2021 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 127 million, +EUR 537 million and +EUR 694 million.

These forecasting sensitivities do not take into account, since December 2021, the specific monetary policy instruments of the European Central Bank (ECB) that are temporary or that can be modified at the discretion of the ECB (*i.e.* a favourable condition of the TLTRO borrowing rate conditional on the achievement of credit targets, a two-tier reserve remuneration system). This allows us to present sensibilities more related to the recurring activity of the businesses.

➤ **TABLE 94: SENSITIVITY OF REVENUES TO GLOBAL INTEREST RATE RISK BASED ON A 50 BASIS POINT INCREASE OR DECREASE IN THE INTEREST RATES (EU IRRBB1A)** [Audited]

	For +50 bps shock				For -50 bps shock			
Sensitivity of 2021 revenues ***In millions of euros***	**EUR**	**USD**	**Other currencies**	**Total**	**EUR**	**USD**	**Other currencies**	**Total**
Year 1	3	86	38	127	(27)	(137)	(24)	(187)
Year 2	417	75	45	537	(309)	(169)	(34)	(511)
Year 3	518	108	68	694	(617)	(154)	(52)	(823)

	For +50 bps shock				For -50 bps shock			
Sensitivity of 2020 revenues ***In millions of euros***	**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)

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 of the theoretical economic value of the net assets of the intermediation business in relation to Tier 1 capital are regularly calculated through 6 interest rate scenarios defined by the EBA (*i.e.* parallel up/down, steepening/flattening, short rates up/down). Moreover, the EBA defines thresholds for risk-free rates by maturity (interpolated yield curve between -1% for the overnight rate and 0% for the 20-year yields) These ratios are compared to the 15% threshold used by the supervisor to identify situations where the interest rate risk in the banking book could be material.

As of 31 December 2021, the Group sensitivity ratios are far below the regulatory materiality threshold of 15%. In case of parallel up, the ratio, stable compared to the previous year, stands at -8.7%.

➤ **TABLE 95: SENSITIVITY OF TIER 1 CAPITAL ECONOMIC VALUE TO THE 6 REGULATORY STRESS TEST SCENARIOS (EU IRRBB1B)** [Audited]

		Interest rates shock(*)		31 December 2021
In millions of euros		Overnight rate	10-year rate	Change of the economic value of equity (Tier 1)
1	Parallel up	2.00%	2.00%	-8.7%
2	Parallel down	-0.50%	-0.70%	-1.1%
3	Steepener (decrease in short term rates, increase in long term rates)	-0.50%	+0.70%	+0.2%
4	Flattener (increase in short term rates, decrease in long term rates)	2.00%	-0.40%	-2.7%
5	Short rates up	2.50%	+0.20%	-3.9%
6	Short rates down	-0.50%	-0.20%	+0.9%*

(*) Change in interest rate level (OIS swaps) applied for each scenario and application of floor rates (for the EUR).

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 2021, the health situation fluctuated with the appearance of new variants of Covid-19 and waves of varying intensity and severity over time and between regions. The disruption to supply chains and sustained demand have led to an increase in inflation indices. Whether or not these inflation increases were transitory was a source of uncertainty.

In this environment, the monetary policies of central banks remained accommodating with a continuation of asset purchase programmes in the euro zone and the United States. However, the anticipation of changes in these monetary policies, confirmed in the United States by a change in the purchasing programme and an upward trend in short-term rates, led to an increase in medium/long-term rates of around 50 basis points (+0.50%) in Europe and the United States, while short-term intervention rates remained unchanged (0.25% in the United States and -0.50% in the euro zone).

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. In this context, these instruments are designated as net investment hedges. The amount of these loans stood at EUR 16 billion at 31 December 2021, compared with EUR 15 billion at 31 December 2020. The changes in value related to exchange differences recognised directly in equity with respect to these hedges was -EUR 639 million in 2021, compared with -EUR 907 million at 31 December 2020.

During the 2021 financial year, no net investment hedging relationships were disqualified.

The amount recorded in the profit and loss account for 2021 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 hedging transactions.

➤ **TABLE 96: HEDGED CASH FLOWS** [Audited]

	31 December 2021				31 December 2020			
Period to realisation *In millions of euros*	**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	318	811	264	1,393	291	883	331	1,505

In 2021, 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, drawdown 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 Group Senior Executive Advisor (Chairman), the Delegate Deputy Chief Operating Officers, 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 2021, 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 as well as under the effect of the collection of deposits in the Securities business line.

At end-2021, the businesses had a net liquidity surplus. Added to this surplus is the Group's net equity, leading to an overall liquidity surplus.

In this context, the funding provided by ALM Treasury is used to finance the liquidity reserve, while also correcting the term structural 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-2021, sterilised very short-term wholesale funding totalled EUR 96.6 billion (leading to the sterilisation of an equivalent amount in the Group’s liquidity reserve), diversified short-term wholesale funding totalled EUR 108.0 billion and diversified medium-to long-term wholesale funding totalled EUR 189.5 billion.

➤ TABLE 97: BREAKDOWN OF WHOLESALE FUNDING BY CURRENCY [Audited]

The breakdown of funding by currency corresponds to the Group’s needs and to a diversification objective.

	31 December 2021			
In millions of euros	**EUR**	**USD**	**Other**	**Total**
Sterilised very short-term wholesale funding	53,271	28,346	14,988	96,606
Short-term wholesale funding	44,047	39,702	24,299	108,048
Medium- to long-term wholesale funding	99,086	60,257	30,133	189,476
TOTAL WHOLESALE	**196,405**	**128,305**	**69,420**	**394,130**

	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**

➤ TABLE 98: 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).

	31 December 2021	
In millions of euros	**Unsecured senior debt**	**TOTAL**

	Tier 1 hybrid debt	Tier 2 subordinated debt	Non-preferred	Preferred	Secured MLT funding	Monetary policy funding	
Total MLT funding	**10,114**	**22,989**	**70,086**	**82,492**	**16,901**	**120,087**	**322,668**
MLT debt placed with clients	-	-	(59)	(13,046)	-	-	(13,105)
Monetary policy	-	-	-	-	-	(120,087)	(120,087)
WHOLESALE MLT FUNDING	**10,114**	**22,989**	**70,027**	**69,445**	**16,901**	**-**	**189,476**

							31 December 2020
			Unsecured senior debt				
In millions of euros	**Tier 1 hybrid debt**	**Tier 2 subordinated debt**	**Non-preferred**	**Preferred**	**Secured MLT funding**	**Monetary policy funding**	**TOTAL**
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**

➤ TABLE 99: TRENDS IN GROUP MLT WHOLESALE FUNDING

In millions of euros	31 December 2020	New origination	Redemptions	Buy-backs	Exercise of calls	Perimeter effect and other	31 December 2021
Total MLT funding	**297,464**	**75,902**	**(26,814)**	**(6,609)**	**(19,781)**	**2,507**	**322,668**
MLT debt placed with clients	(14,588)	(1,670)	779	655	350	1,369	(13,105)
Monetary policy	(101,768)	(18,319)	0	0	0	0	(120,087)
WHOLESALE MLT FUNDING	**181,108**	**55,913**	**(26,035)**	**(5,954)**	**(19,431)**	**3,875**	**189,476**

Total medium- to long-term wholesale funding outstandings stood at EUR 189.5 billion at 31 December 2021 against EUR 181.1 billion at 31 December 2020. 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 55.9 billion in 2021, compared to EUR 42.4 billion in 2020.

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 20.03% at 31 December 2021, BNP Paribas issued EUR 69.9 billion (outstanding principal amount) or EUR 70.0 billion (carrying amount, including in particular accrued unpaid interest and revaluation of the hedged portion) of non-preferred senior debt between 2017 and 2021 (including EUR 67.0 billion in TLAC-eligible debt), with different maturity dates and in various currencies, in the form of public issuances and private placements.

To meet the TLAC requirement, the Group plans to issue EUR 15 billion of non-preferred senior debt in 2022, subject to market conditions. The Group had completed 34% of its issue programme for this category of debt as at 3 February 2022.

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 100: MLT SECURED WHOLESALE FUNDING

	31 December 2021		31 December 2020	
In millions of euros	Collateral used(*)	Funding raised(**)	Collateral used(*)	Funding raised(**)
Loans and receivables	19,389	16,873	25,230	21,972
Securities	31	29	29	27
TOTAL	**19,419**	**16,901**	**25,259**	**21,998**

(*) Amounts gross of haircuts.
(**) Amounts net of haircuts.

MLT secured wholesale funding (outside of monetary policy) represents 8.9% of total MLT wholesale funding in 2021 (12.1% in 2020). 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 overcollateralised by 115% and securitisation programmes by 111%.

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 ALM Treasury and reviewed by the RISK Function, or a regulatory approach by applying standardised weightings of the Net Stable Funding Ratio (NSFR) that entered into force in mid-2021. 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 US 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 101: BREAKDOWN OF GLOBAL LIQUIDITY RESERVE (COUNTERBALANCING CAPACITY)**

In millions of euros	**Average 2021**	**31 December 2021**	**31 December 2020**
Total eligible assets	670,066	638,159	589,489
Utilisations	(188,609)	(175,109)	(150,873)
Transferability	(9,786)	(11,066)	(6,649)
GLOBAL LIQUIDITY RESERVE	**471,671**	**451,985**	**431,967**
of which liquid assets meeting prudential regulation requirements (HQLA)	*464,878*	*446,200*	*424,800*
of which other liquid assets	*6,793*	*5,784*	*7,167*

The Group's liquidity reserve stood at EUR 452 billion at end-2021, of which EUR 96.6 billion sterilising very short-term wholesale funding.

The Group's liquidity reserve at 31 December 2021 increased by EUR 20 billion compared to end-2020. In yearly average terms, the reserve grew by more than EUR 58 billion compared with the previous year.

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 2021 stood at 143%, *versus* 154% at 31 December 2020.

In accordance with Commission Implementing Regulation (EU) No. 2021/637, the Group's LCR is calculated as the rolling average of the twelve latest month-end measures.

➤ TABLE 102: SHORT-TERM LIQUIDITY RATIO (LCR)(*) – ITEMISED (EU LIQ1)

	Unweighted value				Weighted value			
In millions of euros	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022	31 December 2021	30 September 2021	30 June 2021
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 (HQLA)					**472,004**	**458,700**	**450,338**	**431,116**
CASH OUTFLOWS								
2 Retail deposits (including small businesses)	427,313	418,664	412,760	405,678	32,060	30,719	29,957	29,254
3 *Of which stable deposits*	*255,847*	*250,990*	*247,072*	*244,011*	*12,792*	*12,354*	*12,201*	*12,044*
4 *Of which less stable deposits*	*161,728*	*157,107*	*154,143*	*149,093*	*19,267*	*18,366*	*17,756*	*17,211*
5 Unsecured non-retail funding	438,496	422,871	404,340	391,937	275,399	256,467	250,746	248,014
6 *Of which operational deposits*	*167,073*	*160,035*	*152,967*	*147,770*	*41,031*	*37,521*	*36,243*	*35,307*
7 *Of which non-operational deposits*	*253,130*	*244,897*	*234,108*	*228,661*	*216,075*	*201,680*	*198,997*	*199,047*
8 *Of which unsecured debt*	*18,293*	*17,940*	*17,266*	*15,505*	*18,293*	*17,266*	*15,505*	*13,661*
9 Secured non-retail funding (of which repos)					87,120	76,954	74,022	71,396
10 Additional requirements	363,811	357,972	353,474	350,010	90,106	87,463	88,486	85,973
11 *Of which outflows related to derivative exposures and other collateral requirements*	*43,264*	*42,322*	*42,358*	*45,536*	*42,986*	*42,083*	*45,376*	*45,148*
12 *Of which outflows on secured debt*	*473*	*492*	*523*	*297*	*473*	*523*	*297*	*104*
13 *Of which credit and liquidity facilities*	*320,074*	*315,157*	*310,593*	*304,177*	*46,647*	*44,857*	*42,813*	*40,721*
14 Other contractual funding obligations	63,893	64,758	61,747	60,536	64,812	61,841	60,620	58,158
15 Other contingent funding obligations	166,922	181,379	172,358	164,715	3,490	2,536	2,493	2,502
16 TOTAL CASH OUTFLOWS					**552,986**	**515,981**	**506,324**	**495,297**
CASH INFLOWS								
17 Secured lending (of which reverse repos)	457,945	439,355	416,800	404,374	85,332	70,760	67,823	64,622
18 Inflows from fully performing exposures	86,127	83,834	84,044	83,747	65,416	62,707	62,010	61,542
19 Other cash inflows	60,481	59,619	57,269	59,553	52,210	50,973	53,600	55,782
20 TOTAL CASH INFLOWS	**604,553**	**582,808**	**558,113**	**547,673**	**202,958**	**184,440**	**183,433**	**181,946**
20 c Inflows subject to 75% cap	428,419	416,711	401,795	397,964	202,958	184,440	183,433	181,946
21 LIQUIDITY BUFFER					**472,004**	**458,700**	**450,338**	**431,116**
22 TOTAL NET CASH OUTFLOWS					**349,203**	**331,541**	**322,891**	**313,351**
23 LIQUIDITY COVERAGE RATIO (%)					**135.25%**	**138.70%**	**139.76%**	**137.70%**

(*) The data presented in this table are calculated as the rolling average over the twelve latest month-end values.

The Group's rolling month-end average LCR over the last 12 months stands at 135%, which corresponds to a liquidity surplus of EUR 123 billion compared with the regulatory requirement. The Group ratio averaged between 135% and 140%.

After application of the regulatory haircuts (weighted values), the Group's rolling month-end average liquid assets over the last 12 months amount to EUR 472 billion, and mainly consist of central bank deposits (77% at the end of March 2022) and government and sovereign bonds (23%).

Rolling month-end average cash outflows over the last 12 months under the thirty-day liquidity stress scenario amount to EUR 349 billion, a large part of which corresponds to thirty-day deposit outflow assumptions of EUR 307 billion. Reciprocally, cash inflows on loans under the thirty-day liquidity regulatory stress scenario amount to EUR 65 billion.

Cash flows on financing transactions and collateralised loans, representing repurchase agreements and securities exchanges, record net rolling month-end average inflows over the last 12 months of net outflows of EUR 2 billion, given the regulatory haircuts applied to collaterals. Flows linked to derivative instruments and regulatory stress tests record net outflows of EUR 18 billion after netting of cash outflows (EUR 43 billion) and inflows (EUR 25 billion).

Lastly, the rolling month-end average drawdown assumptions on financing commitments over the last 12 months amount to EUR 47 billion.

There is no excessive imbalance on any significant currency.

➤ TABLE 103: NET STABLE FUNDING RATIO (EU LIQ2)

		31 December 2021				
		Unweighted value by residual maturity				
	In millions of euros	**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
	Available stable funding (ASF) items					
1	Capital items and instruments	110,040	20	-	20,785	130,825
2	*Own funds*	*110,040*	*20*	*-*	*20,785*	*130,825*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		419,484	1,556	4,428	396,104
5	*Stable deposits*		*254,068*	*738*	*1,597*	*243,662*
6	*Less stable deposits*		*165,416*	*818*	*2,831*	*152,442*
7	Wholesale funding		1,036,121	44,091	258,224	540,259
8	*Operational deposits*		*171,117*	*21*	*441*	*86,010*
9	*Other wholesale funding*		*865,004*	*44,070*	*257,783*	*454,248*
10	Interdependent liabilities		13,400	-	-	-
11	Other liabilities	54,242	196,402	1,541	26,772	27,542
12	*NSFR derivative liabilities*	*54,242*				
13	*All other liabilities and capital instruments not included in the above categories*		*196,402*	*1,541*	*26,772*	*27,542*
14	**TOTAL AVAILABLE STABLE FUNDING (ASF)**					**1,094,731**

		31 December 2021				
		Unweighted value by residual maturity				
	In millions of euros	**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	**Weighted value**
	Required stable funding (RSF) items					
15	Total high-quality liquid assets (HQLA)					23,266
15a	Assets encumbered for a residual maturity of one year or more in a cover pool		248	245	8,131	7,331
16	Deposits held at other financial institutions for operational purposes		469	-	-	234
17	Performing loans and securities		515,517	96,697	646,229	703,738
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*134,639*	*12,901*	*3,044*	*13,766*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*187,725*	*14,751*	*4,700*	*25,049*
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which*		*135,627*	*56,513*	*376,275*	*430,971*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which*		*5,450*	*5,659*	*186,496*	*153,562*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*5,450*	*5,659*	*186,496*	*153,562*
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*52,077*	*6,874*	*75,713*	*80,391*
25	Interdependent assets		13,400	-	-	-
26	Other assets					
27	*Physical traded commodities*				*10,596*	*9,007*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			*25,833*		*21,958*
29	*NSFR derivative assets*			*16,447*		*16,447*
30	*NSFR derivative liabilities before deduction of variation margin posted*			*88,318*		*4,416*
31	*All other assets not included in the above categories*		*42,118*	*3,619*	*74,725*	*91,978*
32	Off-balance sheet items		371,860	10,414	23,306	22,028
33	**TOTAL REQUIRED STABLE FUNDING (RSF)**					**900,403**
34	**NET STABLE FUNDING RATIO** *(%)*					**121.58%**

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 104: CONTRACTUAL MATURITIES OF THE PRUDENTIAL BALANCE SHEET (EU CR1-A) [Audited]

	31 December 2021							
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**
ASSETS								
Cash and amounts due from central banks	-	348,519	-	-	-	-	-	348,519
Financial instruments at fair value through profit and loss								
Securities	192,520	-	-	-	-	-	-	192,520
Loans and repurchase agreements	-	68,459	114,332	31,876	25,972	8,044	3,820	252,503
Derivative financial instruments	240,940	-	-	-	-	-	-	240,940
Derivatives used for hedging purposes	8,619	-	-	-	-	-	-	8,619
Financial assets at fair value through equity								
Debt securities	157	-	382	1,074	3,413	16,398	20,173	41,597
Equity securities	2,558	-	-	-	-	-	-	2,558
Financial assets at amortised cost								
Loans and advances to credit institutions	-	8,150	5,270	3,260	3,351	992	912	21,934
Loans and advances to customers	-	15,431	58,233	77,210	132,998	328,815	233,961	846,649
Debt securities	131	392	3,530	5,404	12,146	43,535	44,241	109,379
Remeasurement adjustment on interest rate risk hedged portfolios	3,049	-	-	-	-	-	-	3,049

In millions of euros	31 December 2021							
	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**
Financial assets	**447,974**	**440,951**	**181,748**	**118,824**	**177,879**	**397,784**	**303,108**	**2,068,267**
of which Loans and advances	*-*	*92,040*	*177,835*	*112,346*	*162,320*	*337,851*	*238,693*	*1,121,086*
of which Debt securities	*135,313*	*392*	*3,913*	*6,478*	*15,559*	*59,933*	*64,414*	*286,001*
Other non-financial assets	**108,250**	**33,398**	**8,791**	**6,440**	**6,267**	**42,069**	**4,897**	**210,111**
Assets held for sale	-	-	-	-	91,267	-	-	91,267
TOTAL ASSETS	**556,223**	**474,349**	**190,538**	**125,264**	**275,412**	**439,853**	**308,005**	**2,369,645**
LIABILITIES	-	-	-	-	-	-	-	-
Deposit from central banks	-	1,244	-	-	-	-	-	1,244
Financial instruments at fair value through profit and loss								
Securities	112,338	-	-	-	-	-	-	112,338
Deposits and repurchase agreements	-	113,644	119,041	34,792	23,301	1,383	1,296	293,456
Issued debt securities	-	20	2,563	4,012	12,231	26,319	18,798	63,944
Derivative financial instruments	237,779	-	-	-	-	-	-	237,779
Derivatives used for hedging purposes	10,211	-	-	-	-	-	-	10,211
Financial liabilities at amortised cost								
Deposits from credit institutions	-	11,688	3,746	18,624	6,665	118,140	506	159,368
Deposits from customers	0	822,784	71,073	48,335	13,995	8,170	2,606	966,963
Debt securities	-	3	7,837	26,214	29,816	48,126	39,393	151,388
Subordinated debt	-	-	363	-	317	6,394	15,875	22,949
Remeasurement adjustment on interest rate risk hedged portfolios	1,367	-	-	-	-	-	-	1,367
Financial liabilities	**361,695**	**949,383**	**204,623**	**131,977**	**86,324**	**208,531**	**78,474**	**2,021,007**
Other non-financial liabilities	187,399	6,569	16,454	6,606	2,894	43,618	10,731	274,272
Liabilities associated with assets held for sale	-	-	-	-	74,366	-	-	74,366
TOTAL LIABILITIES AND EQUITY	**549,095**	**955,953**	**221,077**	**138,583**	**163,584**	**252,149**	**89,205**	**2,369,645**

								31 December 2020
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
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	-	87,195	95,161	32,538	22,341	7,225	2,815	247,276
Derivative financial instruments	277,044	-	-	-	-	-	-	277,042
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	-	-	-	-	-	-	5,552
Financial assets	**469,562**	**413,649**	**160,701**	**100,043**	**182,056**	**402,835**	**335,133**	**2,063,978**
of which Loans and advances	*-*	*104,029*	*157,163*	*96,019*	*165,974*	*333,268*	*250,657*	*1,107,110*
of which Debt securities	*125,431*	*329*	*3,538*	*4,024*	*16,082*	*69,567*	*84,477*	*303,448*
Other non-financial assets	**77,029**	**12,518**	**10,192**	**5,311**	**2,816**	**56,437**	**11,767**	**176,069**
TOTAL ASSETS	**546,591**	**426,167**	**170,893**	**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	-	94,376	131,799	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

								31 December 2020
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**
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	**397,056**	**886,771**	**239,577**	**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	**543,096**	**894,944**	**255,126**	**141,779**	**81,110**	**237,982**	**86,010**	**2,240,048**

At 31 December 2021, BancWest's contribution to the Group's balance sheet, under the line "Assets held for sale / Liabilities associated with assets held for sale" (see note 7.d *Discontinued activities* to the consolidated financial statements), amounts to:

- assets of EUR 15 billion from cash and amounts due from central banks, EUR 16 billion in debt securities at amortised cost, with a maturity mostly over five years, and EUR 50 billion in loans and advances to customers, including EUR 41 billion over one year;
- liabilities of EUR 73 billion in deposits from customers.

At 31 December 2020, BancWest's contribution to the Group's balance sheet is as follows:

- assets of EUR 4 billion from cash and amounts due from central banks, EUR 12 billion in debt securities at amortised cost, with a maturity mostly over five years, and EUR 49 billion in loans and advances to customers, including EUR 39 billion over one year;
- to the liabilities of EUR 65 billion in deposits from customers.

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 104: *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 105: CONTRACTUAL MATURITIES OF CAPITAL INSTRUMENTS AND MEDIUM- AND LONG-TERM DEBT SECURITIES IN THE PRUDENTIAL SCOPE

In millions of euros	Total 31 December 2021	2022	2023	2024	2025	2026	2027-2031	Beyond 2031	Perpetual
Amount(*) of liabilities eligible for Additional Tier 1	**10,114**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,114**
Subordinated debt	**907**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**907**
of which subordinated debt at amortised cost	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
of which subordinated debt at fair value through profit and loss	*907*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*907*
Preferred shares and Undated Super Subordinated Notes	**9,207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,207**
Amount(*) of debt eligible for Tier 2	**22,867**	**695**	**5**	**888**	**2,728**	**2,701**	**8,403**	**6,731**	**716**
Subordinated debt	**22,867**	**695**	**5**	**888**	**2,728**	**2,701**	**8,403**	**6,731**	**716**
of which subordinated debt at amortised cost	*22,826*	*678*	*5*	*888*	*2,728*	*2,701*	*8,403*	*6,707*	*716*
of which subordinated debt at fair value through profit and loss	*41*	*17*	*-*	*-*	*-*	*-*	*-*	*24*	*-*
Amount(*) of debt not eligible for prudential own funds	**122**	**-**	**-**	**-**	**73**	**-**	**49**	**-**	**-**
Unsecured senior debt	**148,872**	**29,091**	**21,907**	**15,545**	**15,483**	**12,953**	**41,257**	**12,636**	**-**
Non-preferred senior debt (at amortised cost)	**70,027**	**3,337**	**5,824**	**5,780**	**10,077**	**6,770**	**29,527**	**8,711**	**-**
of which non-preferred senior debt at amortised cost	*66,091*	*3,334*	*5,824*	*5,780*	*10,077*	*6,770*	*29,501*	*4,804*	*-*
of which non-preferred senior debt at fair value through profit and loss	*3,936*	*3*	*-*	*-*	*-*	*-*	*25*	*3,907*	*-*
Preferred senior debt	**78,845**	**25,754**	**16,083**	**9,765**	**5,406**	**6,183**	**11,730**	**3,924**	**-**
of which preferred senior debt at amortised cost	*22,640*	*9,424*	*6,332*	*2,775*	*658*	*1,354*	*1,997*	*100*	*-*
of which preferred senior debt at fair value through profit and loss	*56,205*	*16,330*	*9,751*	*6,990*	*4,748*	*4,829*	*9,733*	*3,824*	*-*
Secured senior debt (**)	**16,443**	**4,041**	**3,583**	**2,444**	**2,488**	**300**	**1,438**	**2,149**	**-**

(*) Accounting value before any prudential adjustments.
(**) The amount of secured senior debt includes EUR 259 million of debt issued by the entity Bank of the West.

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://bnpp.lk/instruments-de-fonds-propres-et-dettes-tlac.

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 contractual and do not foresee the Group's call policy.

➤ TABLE 106: ECONOMIC MATURITIES(*) OF MEDIUM- AND LONG-TERM DEBT (PRUDENTIAL PERIMETER)

In millions of euros	Total 31 December 2021	2022	2023	2024	2025	2026	2027-2031	Beyond 2031	Perpetual
Amount(**) of liabilities eligible for Additional Tier 1	**10,114**	**2,430**	**-**	**1,326**	**1,534**	**-**	**3,918**	**-**	**907**
Subordinated debt	**907**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**907**
of which subordinated debt at amortised cost	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
of which subordinated debt at fair value through profit and loss	*907*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*907*
Preferred shares and Undated Super Subordinated Notes	**9,207**	**2,430**	**-**	**1,326**	**1,534**	**-**	**3,918**	**-**	**-**
Amount(**) of debt eligible for Tier 2	**22,867**	**1,926**	**520**	**1,077**	**3,429**	**4,714**	**9,093**	**1,631**	**476**
Subordinated debt	**22,867**	**1,926**	**520**	**1,077**	**3,429**	**4,714**	**9,093**	**1,631**	**476**
of which subordinated debt at amortised cost	*22,826*	*1,909*	*520*	*1,077*	*3,429*	*4,714*	*9,093*	*1,607*	*476*
of which subordinated debt at fair value through profit and loss	*41*	*17*	*-*	*-*	*-*	*-*	*-*	*24*	*-*
Amount(**) of debt not eligible for prudential own funds	**122**	**-**	**-**	**-**	**73**	**-**	**49**	**-**	**-**

(*) The economic maturity is defined as either the contractual maturity or the next call date when the instrument have 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 of margin 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, 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 are not 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 amounts of encumbered and unencumbered assets and collateral received are shown in the following table according to the provisions of Commission Implementing Regulation (EU) 2021/637. Thus, all data presented in the table are calculated as the median of the four quarter ends of the corresponding year. Each total line is thus 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 20.1% in 2021, up 140 basis points (+1.4%) compared to 2020.

➤ TABLE 107: ENCUMBERED AND UNENCUMBERED ASSETS

➤ ***Assets***

		Four end of quarter median values in 2021							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	In millions of euros		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)
010	**ASSETS**	**483,070**	**188,738**			**1,920,667**	**422,835**		
030	Equity instruments	55,830	29,741			31,629	-		
040	Debt securities	184,177	155,753	184,177	155,753	158,569	140,801	158,569	140,801
050	*of which covered bonds*	*3,671*	*3,006*	*3,671*	*3,006*	*2,273*	*1,674*	*2,273*	*1,674*
060	*of which asset-backed securities*	*1,541*	*1,020*	*1,541*	*1,020*	*7,173*	*0*	*7,173*	*0*
070	*of which issued by general governments*	*145,838*	*145,838*	*145,838*	*145,838*	*121,518*	*121,518*	*121,518*	*121,518*
080	*of which issued by financial corporations*	*26,738*	*5,841*	*26,738*	*5,841*	*20,888*	*3,751*	*20,888*	*3,751*
090	*of which issued by non-financial corporations*	*13,135*	*2,022*	*13,135*	*2,022*	*8,850*	*537*	*8,850*	*537*
120	Other assets	240,766	-			1,744,785	348,602		
121	*of which loans on demand*	-	-			*371,474*	*347,277*		
122	*of which loans and advances other than loans on demand*	*171,696*	-			*1,002,120*	-		
123	*of which other assets(**)*	*69,070*	-			*371,674*	-		

(*) Assets of extremely high liquidity and credit quality.

(**) The encumbered assets of the BancWest business are presented under "Other assets" following the application of IFRS 5 relating to groups of assets and liabilities held for sale, in accordance with prudential balance sheet presentation conventions. At 31 December 2021, EUR 3 billion in loans and credits were encumbered out of a total of EUR 50 billion, and EUR 7 billion in fixed-income securities were encumbered out of a total of EUR 21 billion.

		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**	
	In millions of euros		**of which HQLA and EHQLA(*)**		**of which HQLA and EHQLA(*)**		**of which HQLA and EHQLA(*)**		**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		
121	*of which loans on demand*	*-*	*-*			*300,355*	*272,047*		
122	*of which loans and advances other than loans on demand*	*156,891*	*-*			*1,015,811*	*-*		
123	*of which other assets*	*85,802*	*-*			*401,725*	*-*		

(*) 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 172 billion. The balance, grouped under line 123 of which other assets, comprises guarantee deposits and bank guarantees paid in respect of derivatives (recognised in the Accrued income and other assets category) amounting to EUR 68 billion.

The portion of unencumbered assets not available for use as collateral, for guarantees or to enhance transactions amount EUR 372 billion. They mainly include intangible assets, goodwill, current and deferred tax assets, and assets ineligible for financing programmes under normal business conditions.

➤ *Encumbered and unencumbered collateral received*

		Four end of quarter median values in 2021				Four end of quarter median values in 2020			
		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	
	In millions of euros		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)		of which HQLA and EHQLA(*)
130	**COLLATERAL RECEIVED**	**467,631**	**391,875**	**98,009**	**57,891**	**437,789**	**375,388**	**101,781**	**70,740**
140	Loans on demand	-	-	-	-	-	-	-	-
150	Equity instruments	75,242	45,655	10,452	4,436	53,446	29,999	17,630	8,739
160	Debt securities	389,179	346,220	83,716	55,962	384,343	345,390	82,088	60,584
170	*of which covered bonds*	*1,844*	*1,690*	*1,028*	*86*	*1,903*	*1,575*	*3,737*	*2,725*
180	*of which asset-backed securities*	*3,438*	*-*	*2,469*	*549*	*3,544*	*44*	*5,054*	*878*
190	*of which issued by general governments*	*341,987*	*339,936*	*45,498*	*45,498*	*339,172*	*336,949*	*49,226*	*49,226*
200	*of which issued by financial corporations*	*19,923*	*2,684*	*35,341*	*1,050*	*23,151*	*2,837*	*38,380*	*4,861*
210	*of which issued by non-financial corporations*	*26,741*	*3,575*	*-*	*-*	*21,739*	*4,159*	*-*	*-*
220	Loans and advances other than loans on demand	-	-	-	-	-	-	-	-
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**			**13,885**	**-**			**13,496**	**-**
250	**TOTAL ASSETS, COLLATERAL PLEDGED AND OWN(**) DEBT SECURITIES ISSUED**	**947,492**	**580,613**			**891,517**	**535,998**		

(*) Assets of extremely high liquidity and credit quality.

(**) Financial assets issued by a Group entity and underwritten by the Group

At 31 December 2021, the amount of own collateralised bonds and asset-backed securities (ABS and collateralised bonds) amounted to EUR 13.9 billion, to which is added EUR 4.3 billion not available. Le total amount of related underlying assets amounts to EUR 20.4 billion.

➤ *Encumbered assets/collateral received and associated liabilities*

	Four end of quarter median values in 2021		Four end of quarter median values in 2020	
In millions of euros	Matching liabilities, contingent	Assets, collateral received and own	Matching liabilities, contingent	Assets, collateral received and own

		liabilities or securities lent	debt securities issued(*)	liabilities or securities lent	debt securities issued(*)
010	**CARRYING AMOUNT OF SELECTED FINANCIAL LIABILITIES**	**823,129**	**947,492**	**775,236**	**891,517**
011	of which repurchase agreements	356,999	364,307	347,313	355,561
012	of which collateralised deposits other than repurchase agreements	172,113	200,778	139,976	166,603
013	of which debt securities issued	29,455	32,146	33,798	37,460
014	of which other sources of encumbrance	271,042	355,620	256,360	331,255

(*) Other than encumbered secured bonds and securities backed by encumbered assets.

Encumbered assets, collateral received and own fixed-income securities are mainly issued by general government entities, raising EUR 491 billion and make it possible to obtain EUR 442 billion of financing.

In median data as at 31 December 2021, the Fixed-Income Credit and Commodities and Prime Solutions & Financing businesses as well as Securities Services represent 58% of the Group's encumbered assets (EUR 278 billion) and 100% of the collateral received (EUR 465 billion), *i.e.* 78.5% of the encumbrance (EUR 742 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 45% and 39% 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 – consequences" 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/EU 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 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. These four Group oversight and control functions are organised according to a hierarchical reporting principle by 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*.

Within the RISK Function, the second line of defence in terms of operational, technological and information protection risks (cybersecurity) is provided by Operational Risk in the Officers operational entities in accordance with the operational risk management system defined and supervised by RISK Operational Risk Management (RISK ORM).

The operational risk management and control system for the Group as a whole is structured around a dual-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 measurements 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, 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

Definitions

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 leaders, particularly in application of guidelines issued by a supervisory body.

The compliance risk is a sub-category of operational risk. Moreover, certain of its implications can involve more than a purely financial loss and may actually damage the institution's reputation.

Reputation risk is the risk of damaging the Group's image, the trust placed in a corporation by 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 Group, specifically the effective or potential materialisation of a credit, market risk, an operational, compliance, environmental, social or legal risk, as well as any violation of a law, a regulation of the Group's Code of conduct or procedure.

Group organisation

Responsibility for controlling the risk of non-compliance lies primarily with the activities and business lines. In this context, and in accordance with international standards and French regulations, the Compliance Function manages the system for monitoring non-compliance risks for the scope of all of the Group's businesses in France and abroad.

Hierarchically integrated on a global basis, Compliance brings together all employees reporting to the function. Compliance is organised based on its guiding principles (independence, integration, decentralisation and subsidiarity of the function, dialogue with the business lines, a culture of excellence) through local teams (operating divisions, RBS, IFS, and CIB), areas of expertise, and departments in charge of cross-functional missions.

The system for managing compliance risks is based on a permanent control system, structured around the following axes:

- general and specific procedures;
- processes for identifying and assessing risks, monitoring, reporting information and alerts, coordinated to ensure overall consistency and effectiveness;
- the deployment of risk prevention and detection tools (systems for combating money laundering, the financing of terrorism and corruption, detection of market abuse, *etc.*);
- training and awareness-raising initiatives;
- for all Group components.

Reputation risk management is based on the following elements:

- individual responsibility of employees: the Group's employees have an essential role in managing reputation risk. 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, legal or social 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. This individual responsibility is one of the key elements of 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. The employee awareness programme also reiterates the responsibility of each individual and guides them, in particular through information on identifying, controlling and managing reputation risk, the Group's values and its ethics standards;
- permanent control: identifying and managing reputation risk are part of the objectives of the permanent control system. Implementation of the procedures and recommendations of the periodic control, the results of the controls and reports from the whistleblowing system are closely monitored. Reputation risk is also taken into account in the process for validating 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;

- 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. Furthermore, 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 Compliance Function is centrally responsible for coordinating initiatives related to reputation risk management.

The Group's reputation risk management framework, like the entire internal control system, is under the responsibility of the Group Supervisory and Control Committee (GSCC), which is chaired by the Chief Executive Officer (see chapter 2 *Corporate governance and internal control*, section *Internal control*).

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 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. LEGAL is responsible for legal risk management.

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);
- a contractual deficiency;
- 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 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 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 practices. 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 new threats and recent incidents identified around the world;
- as a second line of defence, the team dedicated to managing cybersecurity and technological risk within RISK ORM and under the responsibility of the Group Chief Operational Risk Officer, is tasked with the following in relation to Operational Risk Officers:
  - 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 (related to information and communication technologies), 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 (rate of existence of a business continuity plan validated at 31 December 2021: 89.08%), 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:

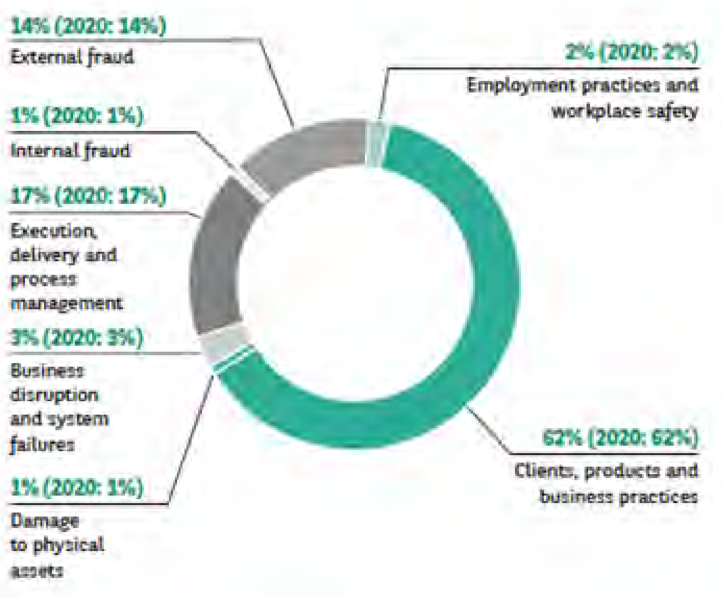
  the Bank is exposed to risks of financial default, breaches or operational capacity constraints when it interacts with third parties, including customers, financial intermediaries and other market operators. The Group's three lines of defence constitute the management framework of these risks at every 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 continued in 2021, 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 cybercrime, the Group invested in IT upgrades to increase the bandwidth of the network and ensure the stability of the remote access infrastructure. At the same time, teams in charge of cybersecurity 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 10: OPERATIONAL LOSSES – BREAKDOWN BY EVENT TYPE (AVERAGE 2013-2021)(*)**



(*) Percentages in brackets correspond to average loss by type of event for the 2012-2020 period.

In the period 2013-2021, the main type of operational risk falls within the category "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 US authorities with respect to the review of certain US 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 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 were raised to the level of the standardised approach within the AMA scope: this obligation was removed in the second quarter of 2021.

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 108: OPERATIONAL RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS (OR1)

	31 December 2021					31 December 2020
	Relevant Indicators					
In millions of euros	Year-3	Year-2	Last year	RWAs	Capital requirements	RWAs
Advanced measurement approach (AMA)	30,528	31,052	32,325	47,747	3,820	55,800
Standardised approach (TSA)	6,932	6,896	6,727	11,321	906	11,203
Basic indicator approach	2,327	2,094	2,205	4,141	331	3,623
TOTAL OPERATIONAL RISK	**39,787**	**40,042**	**41,257**	**63,209**	**5,057**	**70,626**

The decrease of EUR 7 billion in risk-weighted assets linked to operational risk in 2021 is mainly due to the end of the obligation to bear risk-weighted assets in AMA at a level calculated as standard.

This decrease is nevertheless partially absorbed by an increase in AMA capital. The amount of capital in the basic approach is notably impacted by the entry of Exane into the scope.

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 compared to rated risks. 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, in the form of counterparty risk. 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 the risk of loss resulting from inadequate or failed internal processes, information systems, or from external events, whether deliberate, accidental or natural. It includes legal, tax and non-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 insurance 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- or floating-income securities, including government bonds particularly in the euro zone 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 is less than the contractual return payable to policyholders. In France, the average rate guaranteed by Cardif Assurance Vie in 2021 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 the 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 pour aléas financiers* was booked at 31 December 2021, 2020 or 2019 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 benefit feature.

GROUP BNP PARIBAS CARDIF INVESTMENTS

The BNP Paribas Cardif group manages EUR 179.7 billion at net book value *i.e.* EUR 181.7 billion at market value, through its subsidiaries in France, mainly Cardif Assurance Vie, representing EUR 142.3 billion, its subsidiaries in Italy, mainly Cardif Vita, representing EUR 24.7 billion and its subsidiary in Luxembourg, Cardif Lux Vie (EUR 10.1 billion). BNP Paribas Cardif group investments break down as follows:

➤ TABLE 109: BREAKDOWN OF BNP PARIBAS CARDIF GROUP INVESTMENTS (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS) [Audited]

	31 December 2021		31 December 2020	
In millions of euros	Net book value	Market value	Net book value	Market value
Equities and variable-income securities (including UCI)	45,671	45,671	39,797	39,797
Real estate	5,388	7,164	5,202	6,812
of which buildings	*2,965*	*4,741*	*2,950*	*4,560*
of which shares in real estate companies	*2,423*	*2,423*	*2,252*	*2,252*
Government bonds and similar	56,441	56,610	58,151	58,411
Other bonds	69,319	69,329	73,987	74,005
Derivative instruments and other	2,896	2,896	2,845	2,845
TOTAL	**179,715**	**181,670**	**179,983**	**181,871**

➤ TABLE 110: BOND EXPOSURE BY ISSUER AND RATING (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS AND EUROCROISSANCE CONTRACTS) [Audited]

	31 December 2021			31 December 2020		
Exposure by rating	**Govies**	**Corporate**	**Total**	**Govies**	**Corporate**	**Total**
AAA	4.0%	2.1%	6.1%	2.9%	2.6%	5.5%
AA	23.7%	6.2%	29.9%	24.1%	7.4%	31.5%
A	6.6%	21.4%	28.0%	6.2%	24.9%	31.1%
BBB	10.4%	16.9%	27.3%	10.6%	17.1%	27.7%
< BBB(*)	0.2%	8.4%	8.6%	0.2%	4.0%	4.1%
TOTAL	**44.9%**	**55.1%**	**100.0%**	**44.0%**	**56.0%**	**100.0%**

(*) Including unrated bonds.

➤ TABLE 111: EXPOSURE TO GOVERNMENT BONDS AND SIMILAR BY COUNTRY (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS AND EUROCROISSANCE CONTRACTS) [Audited]

Exposure by country		**31 December 2021**	**31 December 2020**
In millions of euros	**Rating**	**Net book value**	**Net book value**
France	AA	23,599	25,729
Italy(*)	BBB	12,636	13,296
Spain	A-	4,922	4,984
Belgium	AA-	3,377	3,279
Germany	AAA	1,378	1,212
Austria	AA+	1,056	1,131
Netherlands	AAA	1,067	887
Ireland	A+	699	801
Portugal	BBB	63	92
Other		7,528	6,478
TOTAL		**56,325**	**57,890**

(*) Transition from BBB- to BBB.

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 112: FINANCIAL ASSETS MEETING THE SPPI CRITERION IN ACCORDANCE WITH IFRS 9** [Audited]

Rating ***In millions of euros***	**31 December 2021**	**31 December 2020**
AAA	7,219	6,625
AA	36,931	39,962
A	29,693	33,171
BBB	30,770	33,204
< BBB(*)	2,861	2,688
TOTAL	**107,475**	**115,650**

(*) 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 113: NON-INVESTMENT GRADE FINANCIAL ASSETS MEETING THE SPPI CRITERION IN ACCORDANCE WITH IFRS 9** [Audited]

Rating ***In millions of euros***	**31 December 2021**		**31 December 2020**	
	Gross book value	**Market value**	**Gross book value**	**Market value**
BB+	1,222	1,222	704	704
BB	74	74	200	200
BB-	158	158	161	161
B	18	18	16	16
Unrated	1,390	1,390	1,607	1,607
TOTAL	**2,861**	**2,861**	**2,688**	**2,688**

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 large-scale 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 114: AVERAGE REDEMPTION RATES FOR BNP PARIBAS CARDIF GROUP GENERAL FUNDS(*)** [Audited]

	Annual redemption rate	
	2021	**2020**
France	5.4%	5.5%
Italy	8.3%	7.6%
Luxembourg	8.5%	7.5%

(*) 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 person 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 7.2 million at 31 December 2021 (*versus* EUR 11.1 million at 31 December 2020).

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, civil liability) are either for personal risk (death, accidental death, hospitalisation, critical illness, healthcare expenses) or property & casualty risk and/or responsibilities (accidental damage, breakdown or theft of consumer goods or vehicles, civil liability, *etc.*). The individual sums insured under these contracts are generally low, whether they are indemnities or lump-sum payments.

Lastly, principally through its expanding entity, Cardif IARD in France, 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 databases 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.

➤ BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

	31 December 2021						
	Banking book(1)					Trading book	
					Financial instruments at fair value through profit or loss held for trading (excl. derivatives)	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**		**Direct exposures(3)**	**Indirect exposures(4)**
Euro zone							
Austria	337	311	26	-	(48)	23	1
Belgium	11,557	9,137	2,420	-	(86)	288	33
France	9,249	8,088	1,161	-	5,502	(33)	88
Germany	7,336	5,032	2,304	-	5,003	262	5
Ireland	1,740	1,417	323	-	17	(17)	1
Italy	9,475	9,268	207	-	725	8,529	(59)
Netherlands	229	17	213	-	(269)	(132)	0
Portugal	4,039	3,635	404	-	(126)	(5)	0
Spain	12,832	10,469	2,362	-	(1,702)	-	0
Other euro zone countries	1,838	1,286	552	-	(1,275)	415	0
TOTAL EURO ZONE	**58,632**	**48,660**	**9,972**	**-**	**7,741**	**9,330**	**69**
Other European Economic Area countries							
Poland	5,396	4,449	947	-	(30)	(188)	0
United Kingdom	6,442	4,982	1,461	-	5	-	(28)
Other EEA countries	1,192	986	205	1	177	(24)	2
TOTAL OTHER EEA COUNTRIES	**13,030**	**10,416**	**2,613**	**1**	**152**	**(212)**	**(26)**
TOTAL EEA	**71,663**	**59,076**	**12,586**	**1**	**7,892**	**9,118**	**43**
United States	13,565	8,983	4,581	-	21,470	224	(294)
Japan	149	39	111	-	10,279	659	15
Turkey	2,024	1,540	483	-	326	0	25
Other	18,429	10,577	7,851	-	12,350	2,564	(135)
TOTAL	**105,830**	**80,216**	**25,612**	**1**	**52,318**	**12,565**	**(345)**

(1) Carrying 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.

							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)**
Euro zone							
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 euro zone countries	1,386	1,074	313	-	(532)	(532)	(532)
TOTAL EURO ZONE	**65,882**	**52,976**	**12,604**	**302**	**2,754**	**11,361**	**(494)**
Other European Economic Area 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 EEA COUNTRIES	**13,191**	**9,881**	**3,309**	**1**	**1,671**	**(48)**	**(74)**
TOTAL EEA	**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) Carrying 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

➤ REGULATORY CAPITAL - DETAIL (EU CC1)

	In millions of euros	31 December 2021	31 December 2020	Reference to table 10	Notes
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	26,236	27,133	6	
	of which instrument type 1	*26,236*	*27,133*		
2	Retained earnings	72,913	69,621	6	
3	Accumulated other comprehensive income (and other reserves)	454	(252)		
3a	Funds for general banking risk	-	-		
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-		
5	Minority interests (amount allowed in consolidated CET1)	1,618	1,684	8	(1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	4,543	5,247	7	(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**105,763**	**103,433**		
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(1,608)	(1,399)		
8	Intangible assets (net of related tax liability) (negative amount)	(10,091)	(10,039)	3	(3)
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)	(299)	(385)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(978)	(1,440)		
12	Negative amounts resulting from the calculation of expected loss amounts	(333)	(333)		
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	267	303		
15	Defined-benefit pension fund assets (negative amount)	(447)	(206)		(3)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(53)	(41)		
17	Direct, indirect and synthetic holdings of the CET 1 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)	-	-		
18	Direct, indirect and synthetic 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)	-	-		

	In millions of euros	31 December 2021	31 December 2020	Reference to table 10	Notes
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(219)	(186)		
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	*-*	*-*		
20c	*of which: securitisation positions (negative amount)*	*(219)*	*(186)*		
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, 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*	-	-		
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 except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-		
26	Empty set in the EU	-	-		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-		
27a	Other regulatory adjustments(*)	(26)	(941)		
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(13,787)**	**(14,666)**		
29	**Common Equity Tier 1 (CET1) capital**	**91,976**	**88,767**		
Additional Tier 1 (AT1) capital: instruments(**)					
30	Capital instruments and the related share premium accounts	8,237	8,534		
31	*of which: classified as equity under applicable accounting standards*	*9,207*	*10,021*		
32	*of which: classified as liabilities under applicable accounting standards*	*205*	*205*		
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	205	1,692	4	(4)
33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	-		
33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	-		

	In millions of euros	31 December 2021	31 December 2020	Reference to table 10	Notes
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	324	298		
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**8,766**	**10,524**		
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(37)	(35)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		
39	Direct, indirect and synthetic holdings 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, indirect and synthetic 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)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-		
42a	Other regulatory adjustments to AT1 capital	-	-		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(487)**	**(485)**		
44	**Additional Tier 1 (AT1) capital**	**8,280**	**10,040**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**100,255**	**98,806**		
Tier 2 (T2) capital: instruments and provisions					
46	Capital instruments and the related share premium accounts(**)	20,259	18,443	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 as described in Article 486 (4) CRR	-	-		
47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	31	61	5	(5)
47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	108	118	5	(5)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	202	232		
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-		
50	Credit risk adjustments	83	142		

	In millions of euros	31 December 2021	31 December 2020	Reference to table 10	Notes
51	**Tier 2 (T2) capital before regulatory adjustments**	**20,683**	**18,995**		
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(138)	(140)		
53	Direct, indirect and synthetic 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)	-	-		
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)	(3,088)	(3,116)	1	(6)
56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-		
56b	Other regulatory adjustments to T2 capital	(455)	(715)		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(3,681)**	**(3,971)**		
58	**Tier 2 (T2) capital**	**17,001**	**15,024**		
59	**Total capital (TC = T1 + T2)**	**117,256**	**113,830**		
60	**Total risk-weighted assets**	**713,671**	**695,523**		
Capital ratios and buffers					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	12.89%	12.76%		
62	Tier 1 (as a percentage of total risk exposure amount)	14.05%	14.21%		
63	Total capital (as a percentage of total risk exposure amount)	16.43%	16.37%		
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus capital conservation buffer and contercyclical capital buffer, plus systemic risk buffer, plus G-SIB buffer expressed as a percentage of risk exposure amount)	4.03%	4.02%		
65	*of which: capital conservation buffer requirement*	*2.50%*	*2.50%*		
66	*of which: countercyclical capital buffer requirement*	*0.03%*	*0.02%*		
67	*of which: systemic risk buffer requirement*	*0.00%*	*0.00%*		
67a	*of which: Global Systemically Important Bank buffer (G-SIB) or Other Systemically Important Bank (D-SIB) buffer requirement*	*1.50%*	*1.50%*		
67b	*of which: Pillar 2 Requirements on additional CET1 SREP requirements*	*0.70%*	*0.70%*		
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	7.11%	6.82%		

	In millions of euros	31 December 2021	31 December 2020	Reference to table 10	Notes
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,849	5,260	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)	4,374	3,909	1	(6)
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)	2,691	2,895		
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 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	2,827	2,666		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,952	1,842		
Capital instruments subject to phase out arrangements (only applicable between 1 January 2013 and 1 January 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	1,012	2,023		
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	185	371		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-		

(*) As at 31 December 2020, this amount includes the 29% additional restitution project of 2020 income as well as adjustments related to the transitional provisions IFRS 9. As at 31 December 2020, this amount includes the transitional provisions IFRS 9.

(**) According to the eligibility rules of debt instruments grandfathered in additional Tier 1 equity and Tier 2 equity applicable in 2021.

(1) Minority interests are adjusted for their capitalisation surplus for regulated entities. For the other entities, minority interests are not recognised in full Basel 3.

(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 and G-SIB buffer

COUNTERCYCLICAL CAPITAL BUFFER

The calculation and the amount of the BNP Paribas countercyclical capital buffer are given in the tables below in accordance with the instructions of Commission Delegated Regulation (EU) No. 2015/1555 of 28 May 2015.

➤ COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO BNP PARIBAS (EU CCYB2)

In millions of euros		31 December 2021
010	Total risk-weighted assets	713,671
020	BNP Paribas countercyclical capital buffer rate	0.03%
030	Countercyclical capital buffer requirement	208

At 31 December 2021, the BNP Paribas countercyclical capital buffer rate is 0.03% against 0.02% at 31 December 2020.

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 public health crisis, many countries have reduced the countercyclical buffer rate applicable to relevant credit exposures located in their territory. At 31 December 2021, BNP Paribas' countercyclical capital buffer rate of 0.03% was due to the rates applicable in Luxembourg (0.5%), Hong Kong (1%), Norway (1%), the Czech Republic (0.5%), Slovakia (1%) and Bulgaria (0.5%). This rate is expected to be around 0.09% at 31 December 2022 due to the activation or increase in requirements announced by certain European countries (see table below)

➤ GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER (CCYB1)

										31 December 2021		31 December 2022
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	Own fund requirements						
In millions of euros	Exposure value under the standardised approach	Exposure value under the IRB approach	Exposure value under the standardised approach	Exposure value under the IRB approach	Exposure value for non-trading book	Of which credit risk exposure	Of which market risk exposure	Of which securitisation positions	Total	Own fund requirements weights	Countercyclical buffer rate	Countercyclical buffer rate announced(**)
Breakdown by country												
Europe(*)	**200,677**	**695,903**			**51,767**	**33,833**	**1,810**	**773**	**36,416**			
of which Bulgaria	424	148			-	34			34	0.07%	0.50%	1.00%
of which Denmark	1,361	2,110			-	151			151	0.31%		2.00%
of which Estonia	4	3			-	0			0	0.00%		1.00%
of which Iceland	1	49			-	1			1	0.00%		2.00%
of which Luxembourg	2,280	38,281			-	1,631	0		1,631	3.39%	0.50%	0.50%
of which Norway	485	2,659			-	94			94	0.20%	1.00%	2.00%
of which Czech Republic	795	338			-	67			67	0.14%	0.50%	1.50%
of which United Kingdom	11,777	55,694			7,201	2,210		132	2,342	4.86%		1.00%
of which Romania	861	194			-	54			54	0.11%		0.50%
of which Slovakia	140	147			-	12			12	0.03%	1.00%	1.00%
of which Sweden	1,184	16,198			323	337		4	340	0.71%		1.00%
North America	**58,094**	**89,414**			**18,198**	**5,801**	**70**	**293**	**6,164**			
Asia Pacific	**7,398**	**51,049**			**1,812**	**2,856**		**22**	**2,878**			
of which Hong Kong	1,796	7,720			52	417		1	418	0.87%	1.00%	1.00%
Rest of the World	**21,741**	**33,804**			**41**	**2,707**	**4**	**2**	**2,713**			
TOTAL	**287,910**	**870,170**			**71,817**	**45,197**	**1,884**	**1,090**	**48,171**		**0.03%**	**0.09%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.
(**) According to the rates published on the ESRB website as at 31 December 2021.

G-SIB BUFFER

Global systemically important institutions (G-SIIs) indicators for BNP Paribas Group as of 31 December 2021 are presented hereafter according to European Banking Authority (EBA) Implementing Technical Standards.

The Basel Committee on Banking Supervision (BCBS) assesses the systemic importance of banks in a global context.

The measurement approach of the global systemic importance is indicator-based. The methodology is outlined in "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement"[1].

The indicators provided hereafter are calculated based on specific instructions by the BCBS and thus may be not directly comparable against other disclosed information. It has to be noted that BCBS instructions are based on the regulatory, not the accounting consolidation scope.

END-2021 G-SIB ASSESSMENT EXERCISE

General Bank Data

Section 1 - General Information	GSIB	Response	
a. General information provided by the relevant supervisory authority:			
(1) Country code	1001	FR	1.a.(1) 1.a.(2) 1.a.(3)
(2) Bank name	1002	BnpParibas	1.a.(4) 1.a.(5) 1.a.(6)
(3) Reporting date (yyyy-mm-dd)	1003	2021-12-31	
(4) Reporting currency	1004	EUR	1.b.(1) 1.b.(2) 1.b.(3)
(5) Euro conversion rate	1005	1	1.b.(4) 1f.ebre.(5n)c
(6) Submission date (yyyy-mm-dd)	1006	2022-03-28	1.b.(6)
b. General Information provided by the reporting institution:			
(1) Reporting unit	1007	1,000	
(2) Accounting standard	1008	IFRS	
(3) Date of public disclosure (yyyy-mm-dd)	1009	2022-04-29	
(4) Language of public disclosure	1010	English	
(5) Web address of public disclosure	1011	https://invest.bnpparibas.com/en	
(6) LEI code	2015	R0MUWSFPU8MPRO8K5P83	

Size Indicator

Section 2 - Total Exposures	GSIB	Amount in thousand EUR	
a. Derivatives			
(1) Counterparty exposure of derivatives contracts	1012	70,689,644	2.a.(1) 2.a.(2) 2.a.(3)
(2) Capped notional amount of credit derivatives	1201	15,445,382	
(3) Potential future exposure of derivative contracts	1018	130,701,531	2.b.(1) 2.b.(2)
b. Securities financing transactions (SFTs)			2.c.
(1) Adjusted gross value of SFTs	1013	246,388,930	
(2) Counterparty exposure of SFTs	1014	30,022,639	2.d.(1) 2.d.(2) 2.d.(3)
c. Other assets	1015	1,770,265,400	2.d.(4)
d. Gross notional amount of off-balance sheet items			2.e.
(1) Items subject to a 0% credit conversion factor (CCF)	1019	54,462,523	
(2) Items subject to a 20% CCF	1022	121,063,581	2.f.
(3) Items subject to a 50% CCF	1023	273,743,477	
(4) Items subject to a 100% CCF	1024	26,429,643	2.g.(1) 2.g.(2) 2.g.(3)
e. Regulatory adjustments	1031	14,861,015	2.h.
f. Total exposures prior to regulatory adjustments (sum of items 2.a.(1) thorough 2.c, 0.1 times 2.d.(1), 0.2 times 2.d.(2), 0.5 times 2.d.(3), and 2.d.(4))	1103	2,456,473,876	2.i.
g. Exposures of insurance subsidiaries not included in 2.f net of intragroup:			
(1) On-balance sheet and off-balance sheet insurance assets	1701	287,313,886	
(2) Potential future exposure of derivatives contracts for insurance subsidiaries	1205	369,477	
(3) Investment value in consolidated entities	1208	5,577,000	
h. Intragroup exposures with insurance subsidiaries reported in 2.g that are included in 2.f	2101	11,890,000	
i. Total exposures indicator, including insurance subsidiaries (sum of items 2.f, 2.g.(1) thorough 2.g.(2) minus 2.g.(3) thorough 2.h)	1117	2,726,690,238	

Interconnectedness Indicators

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand EUR	
a. Funds deposited with or lent to other financial institutions	1216	70,211,445	3.a. 3.a.(1)
(1) Certificates of deposit	2102	0	3. .
b. Unused portion of committed lines extended to other financial institutions	1217	31,755,978	
c. Holdings of securities issued by other financial institutions			3.c.(1) 3.c.(2) 3.c.(3)
(1) Secured debt securities	2103	0	3.c.(4) 3.c.(5) 3.c.(6)
(2) Senior unsecured debt securities	2104	43,306,648	3.d.
(3) Subordinated debt securities	2105	4,592,074	
(4) Commercial paper	2106	0	3.e.(1) 3.e.(2)
(5) Equity securities	2107	151,176,537	
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	2108	2,493,912	3.f.
d. Net positive current exposure of SFTs with other financial institutions	1219	22,301,072	
e. OTC derivatives with other financial institutions that have a net positive fair value			
(1) Net positive fair value	2109	16,251,050	
(2) Potential future exposure	2110	38,586,605	
f. Intra-financial system assets indicator, including insurance subsidiaries (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6))	1215	375,687,498	4.a.(1) 4.a.(2) 4.a.(3) 4.b. 4.c.

Section 4 - Intra-Financial System Liabilities	GSIB	Amount in thousand EUR	
			4.d.(1) 4.d.(2)
a. Funds deposited by or borrowed from other financial institutions			4.e.
(1) Deposits due to depository institutions	2111	29,198,766	
(2) Deposits due to non-depository financial institutions	2112	186,123,610	
(3) Loans obtained from other financial institutions	2113	0	

[1] *These documents are available at https://www.bis.org/bcbs/gsib/*

b. Unused portion of committed lines obtained from other financial institutions	1223	1,126,016	
c. Net negative current exposure of SFTs with other financial institutions	1224	19,041,331	
d. OTC derivatives with other financial institutions that have a net negative fair value			
(1) Net negative fair value	2114	18,623,678	
(2) Potential future exposure	2115	38,586,605	
e. Intra-financial system liabilities indicator, including insurance subsidiaries (sum of items 4.a.(1) through 4.d.(2))	1221	292,700,007	

Section 5 - Securities Outstanding	GSIB	Amount in thousand EUR	
a. Secured debt securities	2116	9,111,939	5.a.
b. Senior unsecured debt securities	2117	118,416,049	5.b.
c. Subordinated debt securities	2118	34,878,227	5.c.
d. Commercial paper	2119	19,963,859	5.d.
e. Certificates of deposit	2120	64,830,028	5.e.
f. Common equity	2121	75,010,000	5.f.
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	2122	0	5.g.
h. Securities outstanding indicator, including the securities issued by insurance subsidiaries (sum of items 5.a through 5.g)	1226	322,210,102	5.h.

Substitutability/Financial Institution Infrastructure Indicators

Section 6 - Payments made in the reporting year (excluding intragroup payments)	GSIB	Amount in thousand EUR	
a. Australian dollars (AUD)	1061	1,204,902,289	6.a.
b. Canadian dollars (CAD)	1063	656,099,415	6.b.
c. Swiss francs (CHF)	1064	1,006,631,825	6.c.
d. Chinese yuan (CNY)	1065	2,188,232,356	6.d.
e. Euros (EUR)	1066	17,165,430,751	6.e.
f. British pounds (GBP)	1067	2,436,947,686	6.f.
g. Hong Kong dollars (HKD)	1068	764,282,257	6.g.
h. Indian rupee (INR)	1069	65,908,792	6.h.
i. Japanese yen (JPY)	1070	4,598,761,881	6.i.
j. New Zealand dollars (NZD)	1109	251,834,541	6.j.
k. Swedish krona (SEK)	1071	505,513,697	6.k.
l. United States dollars (USD)	1072	18,161,770,780	6.l.
m. Payments activity indicator (sum of items 6.a through 6.l)	1073	49,006,316,271	6.m.

Section 7 - Assets Under Custody	GSIB	Amount in thousand EUR	
a. Assets under custody indicator	1074	6,941,767,831	7.a.

Section 8 - Underwritten Transactions in Debt and Equity Markets	GSIB	Amount in thousand EUR	
a. Equity underwriting activity	1075	14,027,660	8.a.
b. Debt underwriting activity	1076	228,727,885	8.b.
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1077	242,755,545	8.c.

Section 9 - Trading Volume	GSIB	Amount in thousand EUR	
a. Trading volume of securities issued by other public sector entities, excluding intragroup transactions	2123	81,985,861	9.a.
b. Trading volume of other fixed income securities, excluding intragroup transactions	2124	762,730,232	9.b.
c. Trading volume fixed income sub-indicator (sum of items 9.a and 9.b)	2125	844,716,093	9.c.
d. Trading volume of listed equities, excluding intragroup transactions	2126	1,039,965,737	9.d.
e. Trading volume of all other securities, excluding intragroup transactions	2127	746,509,295	9.e.
f. Trading volume equities and other securities sub-indicator (sum of items 9.d and 9.e)	2128	1,786,475,032	9.f.

Complexity indicators

Section 10 - Notional Amount of Over-the-Counter (OTC) Derivatives	GSIB	Amount in thousand EUR	
a. OTC derivatives cleared through a central counterparty	2129	9,501,518,851	10.a.
b. OTC derivatives settled bilaterally	1905	13,466,307,447	10.b.
c. Notional amount of over-the-counter (OTC) derivatives indicator, including insurance subsidiaries (sum of items 10.a and b)	1227	22,967,826,298	10.c.

Section 11 - Trading and Available-for-Sale Securities	GSIB	Amount in thousand EUR	
a. Held-for-trading securities (HFT)	1081	192,519,858	11.a.
b. Available-for-sale securities (AFS)	1082	44,154,987	11.b.
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	139,289,415	11.c.
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	16,380,567	11.d.
e. Trading and AFS securities indicator (sum of items 11.a and 11.b, minus the sum of 11.c and 11.d)	1085	81,004,862	11.e.

Section 12 - Level 3 Assets	GSIB	Amount in thousand EUR	
a. Level 3 assets indicator, including insurance subsidiaries	1229	20,849,349	12.a

Cross-Jurisdictional Activity Indicators

Section 13 - Cross-Jurisdictional Claims	GSIB	Amount in thousand EUR	
a. Total foreign claims on an ultimate risk basis	1087	1,318,712,027	13.a.
b. Foreign derivative claims on an ultimate risk basis	1146	71,877,530	13.b.
c. Cross-jurisdictional claims indicator (sum of items 13.a and 13.b)	2130	1,390,589,557	13.c.

Section 14 - Cross-Jurisdictional Liabilities	GSIB	Amount in thousand EUR

a.	Foreign liabilities on an immediate risk basis, excluding derivatives and including local liabilities in local currency	2131	1,192,632,356	
b.	Foreign derivative liabilities on an immediate risk basis	1149	67,103,080	
c.	Cross-jurisdictional liabilities indicator (sum of items 14.a and 14.b)	1148	1,259,735,436	
				14.a.

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

		RWAs		Capital requirements
	In millions of euros	31 December 2021	31 December 2020	31 December 2021
1	**Credit risk**	**128,365**	**125,378**	**10,269**
2	Of which standardised approach(1)	50,824	48,426	4,066
4a	Of which advanced IRB (A-IRB) approach	61,686	60,695	4,935
5	Of which equities under the simple weighting approach	15,856	16,258	1,268
6	**Counterparty credit risk**	**1,859**	**2,351**	**149**
7	Of which SACCR (derivatives)(2)	761	670	62
8	Of which internal model method (IMM)	956	1,537	76
8a	Of which exposures to CCP related to clearing activities	38	73	2
8b	Of which CVA	97	71	8
9	Of which other	8	-	-
16	**Securitisation exposures in the banking book**	**1,276**	**1,253**	**102**
17	Of which internal ratings-based approach (SEC-IRBA)	650	650	52
18	Of which standardised approach (SEC-SA)	15	24	1
19	Of which external ratings-based approach (SEC-ERBA)	610	579	49
20	**Market risk**	**402**	**459**	**32**
21	Of which standardised approach	402	459	32
23	**Operational risk**	**11,174**	**12,371**	**894**
EU 23a	Of which basic indicator approach	1,634	1,790	131
EU 23b	Of which standardised approach	2,395	2,208	192
EU 23c	Of which advanced measurement approach (AMA)	7,146	8,373	572
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**4,074**	**4,813**	**326**
29	**TOTAL**	**147,150**	**146,625**	**11,772**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

BNL GROUP

	In millions of euros	RWAs 31 December 2021	RWAs 31 December 2020	Capital requirements 31 December 2021
1	**Credit risk**	**42,898**	**38,809**	**3,432**
2	Of which standardised approach(1)	10,253	5,682	820
4a	Of which advanced IRB (A-IRB) approach	31,506	31,266	2,521
5	Of which equities under the simple weighting approach	1,139	1,860	91
6	**Counterparty credit risk**	**480**	**522**	**38**
7	Of which SACCR (derivatives)(2)	322	465	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to CCP related to clearing activities	-	-	-
EU 8b	Of which CVA	158	57	13
9	Of which other	-	-	-
16	**Securitisation exposures in the banking book**	**476**	**591**	**38**
17	Of which internal ratings-based approach (SEC-IRBA)	365	455	29
18	Of which standardised approach (SEC-SA)	112	136	9
19	Of which external ratings-based approach (SEC-ERBA)	-	-	-
20	**Market risk**	**6**	**1**	**0**
21	Of which standardised approach	6	1	0
23	**Operational risk**	**3,626**	**3,878**	**290**
EU 23a	Of which basic indicator approach	157	121	13
EU 23b	Of which standardised approach	319	144	26
EU 23c	Of which advanced measurement approach (AMA)	3,150	3,613	252
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**4**	**50**	**0**
29	**TOTAL**	**47,490**	**43,851**	**3,799**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

BNP PARIBAS USA INC. GROUP

		RWAs		Capital requirements
In millions of euros		31 December 2021	31 December 2020	31 December 2021
1	**Credit risk**	**43,246**	**40,900**	**3,460**
2	Of which standardised approach(1)	42,566	40,552	3,405
EU 4a	Of which advanced IRB (A-IRB) approach	194	66	16
5	Of which equities under the simple weighting approach	486	282	39
6	**Counterparty credit risk**	**1,252**	**1,233**	**100**
7	Of which SACCR (derivatives)(2)	246	702	26
8	Of which internal model method (IMM)	252	367	20
EU 8a	Of which exposures to CCP related to clearing activities	658	70	20
EU 8b	Of which CVA	95	93	8
9	Of which other	0	-	27
16	**Securitisation exposures in the banking book**	**4**	**9**	**0**
17	Of which internal ratings-based approach (SEC-IRBA)	-	-	0
18	Of which external ratings-based approach (SEC-ERBA)	2	5	0
19	Of which standardised approach (SEC-SA)	2	4	0
20	**Market risk**	**1**	**2**	**0**
21	Of which standardised approach	1	2	0
23	**Operational risk**	**4,879**	**4,902**	**390**
EU 23a	Of which basic indicator approach	130	42	10
EU 23b	Of which standardised approach	3,566	3,560	285
EU 23c	Of which advanced measurement approach	1,183	1,301	95
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**854**	**675**	**68**
29	**TOTAL**	**50,235**	**47,721**	**4,019**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

BANK OF THE WEST GROUP

		RWAs		Capital requirements
	In millions of euros	31 December 2021	31 December 2020	31 December 2021
1	**Credit risk**	**42,544**	**40,311**	**3,403**
2	Of which standardised approach(1)	42,262	40,255	3,381
EU 4a	Of which advanced IRB (A-IRB) approach	-	-	-
5	Of which equities under the simple weighting approach	282	56	23
6	**Counterparty credit risk**	**342**	**538**	**27**
7	Of which SACCR (derivatives)(2)	246	445	20
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to CCP related to clearing activities	-	-	-
EU 8b	Of which CVA	95	93	8
9	Of which other	-	-	-
16	**Securitisation exposures in the banking book**	**4**	**9**	**0**
17	Of which internal ratings-based approach (SEC-IRBA)	-	-	-
18	Of which external ratings-based approach (SEC-ERBA)	2	5	0
19	Of which standardised approach (SEC-SA)	2	4	0
20	**Market risk**	**0**	**0**	**0**
21	Of which standardised approach	0	0	0
23	**Operational risk**	**3,634**	**3,560**	**291**
EU 23a	Of which basic indicator approach	72	-	6
EU 23b	Of which standardised approach	3,562	3,560	285
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**70**	**70**	**6**
29	**TOTAL**	**46,594**	**44,488**	**3,728**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

BNP PARIBAS PERSONAL FINANCE GROUP

		RWAs		Capital requirements
In millions of euros		**31 December 2021**	**31 December 2020**	**31 December 2021**
1	**Credit risk**	**54,454**	**55,019**	**4,356**
2	Of which standardised approach(1)	43,667	41,904	3,493
EU 4a	Of which advanced IRB (A-IRB) approach	10,710	13,017	857
4	Of which equities positions under the simple weighting approach	76	97	6
6	**Counterparty credit risk**	**31**	**21**	**3**
7	Of which SACCR (derivatives)(2)	7	6	1
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to CCP related to clearing activities	-	-	-
EU 8b	Of which CVA	24	16	2
9	Of which other	-	-	-
16	**Securitisation exposures in the banking book**	**321**	**271**	**26**
17	Of which internal ratings-based approach (SEC-IRBA)	153	196	12
18	Of which external ratings-based approach (SEC-ERBA)	168	75	13
19	Of which standardised approach (SEC-SA)	-	-	-
20	**Market risk**	**8**	**23**	**1**
21	Of which standardised approach	8	23	1
23	**Operational risk**	**6,714**	**7,391**	**537**
EU 23a	Of which basic indicator approach	148	138	12
EU 23b	Of which standardised approach	1,933	1,918	155
EU 23c	Of which advanced measurement approach	4,632	5,334	371
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**1,470**	**1,482**	**118**
29	**TOTAL**	**62,997**	**64,207**	**5,040**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

BGL BNP PARIBAS GROUP

			RWAs	Capital requirements
In millions of euros		31 December 2021	31 December 2020	31 December 2021
1	**Credit risk**	**23,598**	**23,049**	**1,888**
2	Of which standardised approach(1)	16,571	16,103	1,326
EU 4a	Of which advanced IRB approach	6,561	6,469	525
5	Of which equities under the simple weighing approach	466	477	37
6	**Counterparty credit risk**	**50**	**48**	**4**
7	Of which SACCR (derivatives)(2)	40	45	4
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to CCP related to clearing activities			
EU 8b	Of which CVA	2	3	0
9	Of which other	8	-	-
16	**Securitisation exposures in the banking book**	**30**	**5**	**2**
17	Of which internal ratings-based approach (SEC-IRBA)	-	-	0
18	Of which external ratings-based approach (SEC-ERBA)	29	3	2
19	Of which standardised approach	1	2	0
20	**Market risk**	**6**	**2**	**0**
21	Of which standardised approach	6	2	0
23	**Operational risk**	**1,755**	**2,048**	**140**
EU 23a	Of which basic indicator approach	179	158	14
EU 23b	Of which standardised approach	225	213	18
EU 23c	Of which advanced measurement approach	1,351	1,677	108
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**214**	**187**	**17**
29	**TOTAL**	**25,654**	**25,338**	**2,052**

(1) Since 30 June 2021, exposures in the form of units or shares in undertakings for collective investment, previously weighted according to the simple weighting method, are now treated according to the transparency approach. The underlying exposures of these collective investment undertakings are weighted according to the standardised credit risk approach.

(2) Since 30 June 2021, in accordance with Regulation (EU) No. 2019/876 (CRR 2), the exposure at default for repurchase agreements and derivatives, previously modelled according to the mark-to-market approach, is now modelled according to the standardised approach, corresponding to the sum of the replacement cost and the potential future exposure.

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
bps	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
ESG	Related to environmental, social and governance issues
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

Acronyms	
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"

(f) Section 6 entitled "Information on the Parent Company Financial Statements 31 December 2020" on pages 583 to 641 shall be deleted in its entirety and replaced with the following:

" 6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS 31 DECEMBER 2021

6.1 BNP PARIBAS SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

In millions of euros	Notes	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Interest income	2.a	15,942	17,807
Interest expense	2.a	(9,409)	(12,405)
Income on equities and other variable instruments	2.b	5,519	2,248
Commission income	2.c	7,125	6,162
Commission expense	2.c	(1,536)	(1,473)
Net gains on trading account securities	2.d	2,830	5,328
Net gains on securities available for sale	2.e	222	379
Other banking income		247	184
Other banking expenses		(331)	(169)
NET BANKING INCOME		**20,609**	**18,061**
Salaries and employee benefit expenses	5.a	(6,642)	(6,623)
Other administrative expenses		(5,204)	(4,727)
Depreciation, amortisation and impairment on tangible and intangible assets		(687)	(644)
GROSS OPERATING INCOME		**8,076**	**6,067**
Cost of risk	2.f	(1,071)	(962)
OPERATING INCOME		**7,005**	**5,105**
Net gains or losses on disposals of long-term investments	2.g	1,012	(81)
Net additions to or reversals of regulated provisions		6	33
INCOME BEFORE TAX		**8,023**	**5,057**
Income Tax	2.h	(716)	(653)
NET INCOME		**7,307**	**4,404**

BALANCE SHEET AT 31 DECEMBER 2021

In millions of euros, at	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and amounts due from central banks		260,747	231,236
Treasury bills and money-market instruments	3.c	146,181	137,295
Due from credit institutions	3.a	214,097	198,703
Customer items	3.b	582,240	551,755
Bonds and other fixed-income securities	3.c	112,020	98,518
Equities and other variable-income securities	3.c	1,806	1,444
Investments in subsidiaries and equity securities held for long-term investment	3.c	3,796	3,385
Investments in affiliates	3.c	63,154	61,673
Intangible assets	3.j	2,541	2,663
Tangible assets	3.j	2,052	2,142
Treasury shares	3.d	38	38
Other assets	3.h	164,288	147,022
Accrued income	3.i	96,298	110,034
TOTAL ASSETS		**1,649,258**	**1,545,908**
LIABILITIES			
Due to central banks		687	1,463
Due to credit institutions	3.a	341,675	305,086
Customer items	3.b	729,688	700,690
Debt securities	3.f	148,792	134,846
Other liabilities	3.h	237,870	195,744
Accrued income	3.i	82,261	101,491
Provisions	3.k	1,857	1,890
Subordinated debt	3.l	26,069	27,475
TOTAL LIABILITIES		**1,568,899**	**1,468,685**
SHAREHOLDERS' EQUITY	6.b		
Share capital		2,469	2,500
Additional paid-in capital		22,374	23,240
Reserves and Retained earnings		48,209	47,079
Net income for the period		7,307	4,404
TOTAL SHAREHOLDERS' EQUITY		**80,359**	**77,223**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,649,258**	**1,545,908**

OFF-BALANCE SHEET	Notes	31 December 2021	31 December 2020
COMMITMENTS GIVEN			
Loan commitments	4.a	374,479	362,386
Guarantee commitments	4.b	167,478	151,729
Commitments given on securities		33,278	31,535

COMMITMENTS RECEIVED			
Loan commitments	4.a	140,377	105,764
Guarantee commitments	4.b	287,356	287,742
Commitments given on securities		38,141	38,696

Notes to the parent company financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES 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 the coronavirus 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 Basel 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 risk on assets are deducted from the carrying amount of the assets on the balance sheet. 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 income statement 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 and expense 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 income statement 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 income statement 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 income statement 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 or 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 income statement. 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 income statement 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 income statement under "Net gain (loss) on disposals of fixed assets".

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Debts due to credit institutions and customers are presented according to their initial term or type: demand accounts and time deposits for credit institutions; 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 presented according to the nature of their support: savings certificates, interbank market securities, negotiable debt securities, bonds and similar securities, excluding subordinated notes classified as 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 income statement 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 income statement 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 *pro rata* 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.

The margin generated during the trading of these complex financial instruments is deferred and reversed in profit or loss over the period during which the valuation parameters are expected to be unobservable. When parameters that were originally unobservable 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 income statement.

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 *pro rata* 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 category relates to compensation paid in cash and deferred for more than twelve months, which is accrued in the financial statements for the financial years during which the employee rendered the corresponding services. If this deferred variable compensation is subject to the employee’s continued presence at the vesting date, the services are presumed to 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 compensation 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.

With regard to retirement benefits recognised in post-employment benefits, IFRIC (IFRS Interpretations Committee) issued a proposal for a decision approved by the International Accounting Standards Board in June 2021, which changes the way in which the commitments relating to certain defined retirement benefit plans are calculated. These plans gradually give rise to entitlement to benefits that will only be paid if there is an effective retirement, but the number of years of entitlement is capped. Until then, entitlements were recognised on a straight-line basis from the date of joining the company until the effective date of retirement, without taking into account the cap on entitlements. Benefits are now recognised on a straight line basis, with a starting date of entitlement taking into account the number of years capped until the retirement date. Under French accounting standards, entitlements will also be recognised in the same way, by applying by choice method 2 b) provided for in the recommendation of the French Accounting Standards Authority (ANC) No. 2013-02 of 7 November 2013 amended on 5 November 2021. The resulting adjustment, net of tax, of EUR 57 million was recognised on 1 January 2021 through equity (Reserves).

RECOGNITION OF INCOME 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 2021 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. 2021		Year to 31 Dec. 2020	
In millions of euros	**Income**	**Expenses**	**Income**	**Expenses**
Credit institutions	**4,531**	**(3,243)**	**4,865**	**(3,751)**
Demand accounts, loans and borrowings	3,666	(2,428)	3,773	(2,952)
Securities given/received under repurchase agreements	706	(815)	924	(799)
Subordinated loans	159		168	
Customers	**7,338**	**(1,929)**	**8,552**	**(4,005)**
Demand accounts, loans, and term accounts	6,440	(1,340)	6,943	(2,452)
Securities given/received under repurchase agreements	897	(589)	1,601	(1,553)
Subordinated loans	1		8	
Finance lease	**1**		**1**	
Debt securities	**82**	**(4,237)**	**132**	**(4,649)**
Bonds and other fixed-income securities	**3,488**		**4,059**	
Trading account securities	339		597	
Securities available for sale	3,137		3,455	
Debt securities held to maturity	12		7	
Macro-hedging instruments	**502**		**198**	
INTEREST INCOME AND EXPENSE	**15,942**	**(9,409)**	**17,807**	**(12,405)**

2.B INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Securities available for sale	52	23
Investments in subsidiaries and equity securities held for long-term investment	200	189
Investments in affiliates	5,267	2,036
INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**5,519**	**2,248**

2.C COMMISSIONS

	Year to 31 Dec. 2021		Year to 31 Dec. 2020	
In millions of euros	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**3,147**	**(909)**	**2,417**	**(827)**
Customer items	1,540	(51)	1,469	(70)
Other	1,607	(858)	948	(757)
Commissions on financial services	**3,978**	**(627)**	**3,745**	**(646)**
COMMISSION INCOME AND EXPENSES	**7,125**	**(1,536)**	**6,162**	**(1,473)**

2.D GAINS OR LOSSES ON TRADING ACCOUNT TRANSACTIONS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Fixed-income instruments and transactions in trading account securities	2,299	4,509
Currency instruments	1,432	3,755
Credit instruments	(1,716)	(875)
Other variable income financial instruments and transactions in trading account securities	815	(2,061)
NET GAINS ON TRADING ACCOUNT SECURITIES	**2,830**	**5,328**

2.E GAINS OR LOSSES ON SECURITIES AVAILABLE FOR SALE

	Year to 31 Dec. 2021		Year to 31 Dec. 2020	
In millions of euros	Income	Expenses	Income	Expenses
Divestments	378	(202)	600	(48)
Provisions	165	(119)	45	(218)
TOTAL	**543**	**(321)**	**645**	**(266)**
NET GAINS ON SECURITIES AVAILABLE FOR SALE	**222**		**379**	

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. 2021	Year to 31 Dec. 2020
Additions to or write-backs from provisions during the period	**(868)**	**(824)**
Customer items and credit institutions	(767)	(670)
Off-balance sheet commitment	14	(4)
Securities	(121)	(141)
Doubtful loans	(2)	5
Financial instruments for market activities	8	(14)
Irrecoverable loans not covered by provisions	**(256)**	**(194)**
Recoveries of loans written-off	**53**	**56**
COST OF RISK	**(1,071)**	**(962)**

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Balance at 1 January	**6,838**	**6,776**
Additions to or write-backs from provisions during the period	868	824
Write-offs during the period covered by provisions	(988)	(459)
Effect of movements in exchange rates and other	455	(303)
PROVISIONS FOR CREDIT RISKS	**7,173**	**6,838**

The provisions break down as follows:

In millions of euros	31 Dec. 2021	31 Dec. 2020
Provisions deducted from assets	**6,905**	**6,553**
For amounts due from credit institutions *(note 3.a)*	385	161
For amounts due from customers *(note 3.b)*	5,930	5,924
For securities	544	418
For financial instruments for market activities	46	50
Provisions recognised as liabilities *(note 3.k)*	**268**	**285**
For off-balance sheet commitments	234	259
For doubtful loans	34	26
PROVISIONS FOR CREDIT RISKS	**7,173**	**6,838**

2.G GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020

	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**398**	**(309)**	**139**	**(169)**
Divestments	348	(305)	127	(10)
Provisions	50	(4)	12	(159)
Investments in affiliates	**778**	**(112)**	**324**	**(1,048)**
Divestments	84	(23)	9	(15)
Provisions	694	(89)	315	(1,033)
Operating assets	**326**	**(69)**	**676**	**(3)**
TOTAL	**1,502**	**(490)**	**1,139**	**(1,220)**
NET GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS	**1,012**			**(81)**

2.H CORPORATE INCOME TAX

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020
Current tax expense	(573)	(374)
Deferred tax	(143)	(279)
INCOME TAX	**(716)**	**(653)**

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 2021

3.A AMOUNTS DUE TO AND FROM CREDIT INSTITUTIONS

In millions of euros, at	31 December 2021	31 December 2020
Loans and receivables	**119,733**	**123,500**
Demand accounts	7,728	6,469
Term accounts and loans	105,416	109,303
Subordinated loans	6,589	7,728
Securities received under repurchase agreements	**94,749**	**75,364**
LOANS AND ADVANCES TO CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**214,482**	**198,864**
of which accrued interest	*512*	*392*
of which irrecoverable loans		
of which potentially recoverable doubtful loans	*13*	*13*
Impairments on receivables due from credit institutions *(note 2.f)*	**(385)**	**(161)**
LOANS AND RECEIVABLES TO CREDIT INSTITUTIONS NET OF IMPAIRMENT	**214,097**	**198,703**

In millions of euros, at	31 December 2021	31 December 2020
Deposits and borrowings	**272,131**	**236,411**
Demand deposits	11,682	12,991
Term deposits and borrowings	260,449	223,420
Securities given under repurchase agreements	**69,544**	**68,675**
DUE TO CREDIT INSTITUTIONS	**341,675**	**305,086**
of which accrued interest	*350*	*112*

3.B CUSTOMER ITEMS

In millions of euros, at	**31 December 2021**	**31 December 2020**
Loans and receivables	**426,735**	**375,869**
Commercial and industrial loans	8,898	9,276
Demand accounts	17,821	14,191
Short-term loans(*)	121,776	106,129
Mortgages	96,067	91,633
Equipment loans	58,876	58,270
Export loans	6,984	5,381
Other customer loans	115,814	90,523
Subordinated loans	499	466
Securities received under repurchase agreements	**161,435**	**181,810**
CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**588,170**	**557,679**
of which accrued interest	*939*	*1,118*
of which loans eligible for refinancing by the Banque de France	*29*	*17*
of which potentially recoverable doubtful loans and receivables	*4,277*	*4,081*
of which irrecoverable loans and receivables	*4,379*	*5,286*
Impairments on receivables due from customers *(note 2.f)*	**(5,930)**	**(5,924)**
CUSTOMER ITEMS NET OF IMPAIRMENT – ASSETS	**582,240**	**551,755**

(*) At 31 December 2021, the total amount of government-guaranteed loans, granted by BNP Paribas SA, mainly in France, amounted to EUR 14 billion, with a corresponding guarantee amount of EUR 12 billion. At 31 December 2020, the total amount of government-guaranteed loans, granted by BNP Paribas SA, was EUR 16.9 billion, with a corresponding guarantee amount of EUR 15 billion.

The following table gives the loans and receivables net of impairment due from customers by counterparty:

	31 December 2021				**31 December 2020**			
		Doubtful loans				**Doubtful loans**		
In millions of euros, at	**Sound loans**	**Potentially recoverable**	**Irrecoverable**	**Total**	**Sound loans**	**Potentially recoverable**	**Irrecoverable**	**Total**
Financial institutions	99,109	11	225	99,345	85,204	373	230	85,807
Corporate	225,709	1,632	1,166	228,507	191,726	1,276	1,699	194,701
Entrepreneurs	9,976	87	103	10,166	10,171	67	121	10,359
Individuals	75,182	345	376	75,903	71,578	324	454	72,356
Other non-financial customers	6,855	29		6,884	6,672	50		6,722
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**416,831**	**2,104**	**1,870**	**420,805**	**365,351**	**2,090**	**2,504**	**369,945**

In millions of euros, at	31 December 2021	31 December 2020
Deposits	**521,683**	**478,414**
Demand deposits	288,422	257,809
Term deposits	171,381	159,219
Regulated savings accounts	61,880	61,386
of which demand regulated savings accounts	*44,355*	*43,576*
of which share centralised with Caisse des Dépôts et Consignation(1)	*(13,400)*	*(12,095)*
Securities given under repurchase agreements	**208,005**	**222,276**
CUSTOMER ITEMS – LIABILITIES	**729,688**	**700,690**
of which accrued interest	*438*	*654*

(1) Regulation No. 2020-10 of 22 December 2020, which amends ANC Regulation No. 2014-07 allows the presentation of the centralised share with the Caisse des Dépôts et Consignations to be presented less the savings deposits collected.
As of 31 December 2021, the amount of regulated savings centralised with the Caisse des Dépôts et Consignations amounted to EUR 13,400 million compared to EUR 12,095 million at 31 December 2020.

3.C SECURITIES HELD

	31 December 2021		31 December 2020	
In millions of euros, at	Net carrying amount	Market value	Net carrying amount	Market value
Transaction	**80,514**	**80,514**	**68,662**	**68,662**
Securities available for sale	**65,309**	**66,842**	**68,139**	**73,433**
of which provisions	*(42)*		*(89)*	
Investments	**358**	**358**	**494**	**497**
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**146,181**	**147,714**	**137,295**	**142,592**
of which receivables corresponding to loaned securities	*32,962*		*92,335*	
of which goodwill	*4,037*		*4,595*	
Transaction	**28,366**	**28,366**	**30,434**	**30,434**
Securities available for sale	**83,565**	**84,983**	**67,994**	**71,695**
of which provisions	*(538)*		*(400)*	
Investments	**89**	**268**	**90**	**96**
BONDS AND OTHER FIXED-INCOME SECURITIES	**112,020**	**113,617**	**98,518**	**102,225**
of which unlisted securities	*20,336*	*20,695*	*24,855*	*24,896*
of which accrued interest	*994*		*1,371*	
of which receivables corresponding to loaned securities	*30,377*		*32,302*	
of which goodwill	*245*		*225*	
Transaction	**247**	**247**	**156**	**156**
Securities available for sale and equity securities available for sale in the medium term	**1,559**	**1,860**	**1,288**	**2,941**

	31 December 2021		31 December 2020	
In millions of euros, at	**Net carrying amount**	**Market value**	**Net carrying amount**	**Market value**
of which provisions	*(479)*		*(490)*	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**1,806**	**2,107**	**1,444**	**3,097**
of which unlisted securities	*1,281*	*1,579*	*1,029*	*2,677*
of which receivables corresponding to loaned securities	*73*		*2,239*	
Associated companies	**3,446**	**6,193**	**3,067**	**4,877**
of which provisions	(162)		(163)	
Equity securities held for long-term investment	**350**	**474**	**318**	**423**
of which provisions	*(17)*		*(19)*	
INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**3,796**	**6,667**	**3,385**	**5,300**
of which unlisted securities	*2,238*	*3,665*	*1,946*	*3,050*
Investments in affiliates	**63,154**	**99,134**	**61,673**	**88,652**
of which provisions	*(7,707)*		*(8,336)*	
INVESTMENTS IN AFFILIATES	**63,154**	**99,134**	**61,673**	**88,652**

Equity investments in credit institutions and investments in affiliates held by BNP Paribas totalled EUR 1,190 million and EUR 32,906 million, respectively as at 31 December 2021, compared with EUR 1,066 million and EUR 32,423 million, respectively, as at 31 December 2020.

Borrowed securities held by BNP Paribas SA break down as follows:

In millions of euros, at	**31 December 2021**	**31 December 2020**
Treasury bills and money-market instruments	110,617	104,247
Bonds and other fixed-income securities	32,586	33,162
Equities and other variable-income securities	1	150
TOTAL	**143,204**	**137,559**

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. The amount of securities borrowed represented EUR 143,204 million as at 31 December 2021 compared with EUR 137,559 million as at 31 December 2020.

3.D TREASURY SHARES

	31 December 2021		31 December 2020
In millions of euros, at	**Gross book value**	**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 18 May 2021, which replaced the fifth resolution of the Shareholders' Combined General Meeting of 19 May 2020, 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 2019). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' Combined General Meeting of 18 May 2021, 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 for 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 2021, 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.

3.E LONG-TERM INVESTMENTS

	Gross values					**Provisions**					**Carrying amount**	
In millions of euros	**1 Jan. 2021**	**Purchases**	**Disposals and redemptions**	**Transfers and other movements**	**31 Dec. 2021**	**1 Jan. 2021**	**Additions**	**Write-backs**	**Others variations**	**31 Dec. 2021**	**31 Dec. 2021**	**31 Dec. 2020**
Debt securities held to maturity *(note 3.c)*	584		(100)	(37)	447						447	584
Investments in subsidiaries and equity securities held for long-term investment *(note 3.c)*	3,568	419	(31)	19	3,975	182	4	(8)	1	179	3,796	3,385
Investments in affiliates *(note 3.c)*	70,009	317	(120)	655	70,861	8,336	89	(694)	(24)	7,707	63,154	61,673
of which merger premium on investments in affiliates	*4,258*				*4,258*	*3,171*		*(288)*		*2,883*	*1,375*	*1,087*
Treasury shares *(note 3.d)**	32	900		(900)	32						32	32
LONG-TERM INVESTMENTS	**74,193**	**1,636**	**(251)**	**(263)**	**75,315**	**8,518**	**93**	**(702)**	**(23)**	**7,886**	**67,429**	**65,674**

(*) During the last quarter of the 2021 financial year, BNP Paribas SA reduced its share capital by 15,466,915 shares, which had been acquired on the market under its share buyback programme. These were cancelled, in accordance with the Board of directors' decision of 28 September 2021.

3.F DEBT SECURITIES

In millions of euros, at	**31 December 2021**	**31 December 2020**
Negotiable debt securities	74,021	77,820
Bond issues *(note 3.g)*	2,033	1,290

Other debt securities	72,738	55,736
DEBT SECURITIES	**148,792**	**134,846**
of which unamortised issuance premiums	*642*	*663*

3.G BOND ISSUES

Maturities of bonds issued by BNP Paribas SA, according to contractual maturity:

In millions of euros	Outstanding at 31/12/2021	2022	2023	2024	2025	2026	2027 to 2031	After 2031
Bond issues	2,033	285	192	127	65	188	772	404

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

3.H OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2021	31 December 2020
Options purchased	48,533	55,708
Settlement accounts related to securities transactions	1,726	751
Deferred taxes – assets	659	681
Miscellaneous assets	113,370	89,882
OTHER ASSETS	**164,288**	**147,022**
Options sold	46,622	54,434
Settlement accounts related to securities transactions	738	453
Liabilities related to securities transactions(*)	85,118	72,319
Deferred taxes – liabilities	234	124
Miscellaneous liabilities	105,158	68,414
OTHER LIABILITIES	**237,870**	**195,744**

(*) Further Regulation No. 2020-10 of 22 December 2020, the borrowed securities are presented as a deduction from the liabilities representing these same securities (see note 3.c).

Under “Miscellaneous liabilities”, BNP Paribas SA’s trade payables amount to EUR 62.6 million at 31 December 2021 and break down as follows, pursuant to article D.441-6 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	91 days and over	Total (1 day and more)
Total invoices concerned, including taxes *(in millions of euros)*	17.8	12.3	9.6	2.5	20.4	44.8

Percentage of total purchases for the financial year, including taxes	0.36%	0.25%	0.19%	0.05%	0.41%	0.90%
Number of invoices concerned	686					2.168

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 2021**	**31 December 2020**
Remeasurement of currency instruments and derivatives	79,118	93,919
Accrued income	3,666	3,786
Collection accounts	98	569
Other accrued income	13,416	11,760
ACCRUED INCOME	**96,298**	**110,034**
Remeasurement of currency instruments and derivatives	65,738	84,440
Accrued expenses	4,427	4,665
Collection accounts	2,340	2,766
Other accrued expenses	9,756	9,620
ACCRUED EXPENSES	**82,261**	**101,491**

3.J OPERATING ASSETS

In millions of euros, at	31 December 2021			31 December 2020
	Gross value	**Depreciation, amortisation and impairment**	**Net amount**	**Net amount**
Software	3,716	(2,924)	792	797
Other intangible assets	2,434	(685)	1,749	1,866
INTANGIBLE ASSETS	**6,150**	**(3,609)**	**2,541**	**2,663**
Land and buildings	2,329	(929)	1,400	1,428
Equipment, furniture and fixtures	2,283	(1,825)	458	450
Other fixed assets	141	(3)	138	183
Tangible assets - Merger premiums	84	(28)	56	81
TANGIBLE ASSETS	**4,837**	**(2,785)**	**2,052**	**2,142**

3.K PROVISIONS

In millions of euros, at	**31 December 2020**	**Additions**	**Write-backs**	**Others variations**	**31 December 2021**
Provisions for employee benefit obligations	**472**	**62**	**(321)**	**229**	**442**
Provisions for credit risks *(note 2.f)*	**26**	**11**	**(9)**	**6**	**34**
Provisions for commitments given *(note 2.f)*	**259**	**67**	**(81)**	**(11)**	**234**
Other provisions					
▪ for banking transactions	535	98	(193)	2	442
▪ for non-banking transactions	598	211	(106)	2	705
PROVISIONS	**1,890**	**449**	**(710)**	**228**	**1,857**

➤ PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2021	31 December 2020
Deposits collected under home savings accounts and plans	**17,230**	**18,053**
of which for home savings plans	15,131	15,920
▪ *Aged more than 10 years*	*5,611*	*5,296*
▪ *Aged between 4 and 10 years*	*8,051*	*8,364*
▪ *Aged less than 4 years*	*1,469*	*2,261*
Outstanding loans granted under home savings accounts and plans	**22**	**22**
of which for home savings plans	4	4
Provisions for home savings accounts and plans	**92**	**121**
of which discount on home savings accounts and plans	0	0
of which provisions for home savings accounts and plans	92	121
▪ *of which provisions for plans aged* more than 10 years	*48*	*102*
▪ *of which provisions for plans aged between 4 and 10 years*	*37*	*12*
▪ *of which provisions for plans aged less than 4 years*	*7*	*7*
▪ *of which provisions for home savings accounts*	*0*	*0*

➤ CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	Year to 31 Dec. 2021		Year to 31 Dec. 2020	
In millions of euros	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	**121**	**-**	**123**	**1**
Additions to provisions during the period	-	-	-	-
Provisions write-backs during the period	(29)	-	(2)	(1)
Provisions at end of period	**92**	**-**	**121**	**-**

3.L SUBORDINATED DEBT

In millions of euros, at	31 December 2021	31 December 2020
Redeemable subordinated debt	**15,675**	**16,930**
Undated subordinated debt	**10,024**	**10,146**
Undated Super Subordinated notes	9,305	9,443
Undated Floating-Rate Subordinated notes	494	478
Undated Participating Subordinated notes	225	225
Related debt	**370**	**399**
SUBORDINATED DEBT	**26,069**	**27,475**

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 2020, four subordinated debt issued were repaid at or before maturity. These transactions resulted in a EUR 412 million reduction in the amount of redeemable subordinated debt. In addition, nine new subordinated debts were issued for an amount of EUR 1,634 million.

In 2021, three subordinated debt issued were repaid at or before maturity. These transactions resulted in a EUR 1,670 million reduction in the amount of redeemable subordinated debt.

The following table gives the maturity schedule for redeemable subordinated debt at 31 December 2021:

In millions of euros	Outstanding at 31/12/2021	2022	2023	2024	2025	2026	2027 to 2031	After 2031
Redeemable subordinated debt	15,675	426	-	878	2,704	2,679	6,008	2,980

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	0	337	-	819	2,649	8,329	4,796

Undated subordinated debt

Undated Super Subordinated Notes

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 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 ten 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 issue, for an amount of USD 400 million. These notes paid a 6.25% fixed-rate coupon.

On 19 February 2021, BNP Paribas SA issued Undated Super Subordinated notes in the amount of USD 1,250 million. This issue pays a fixed-rate coupon of 4.625%. These notes could be redeemed at the end of a period of ten years. If not redeemed in 2031, 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 8 March 2021, BNP Paribas SA redeemed the June 2007 issue, for an amount of USD 600 million. These notes paid a 6.5% fixed-rate coupon.

On 30 March 2021, BNP Paribas SA redeemed the March 2016 issue, for an amount of USD 1,500 million, before its first call date. These notes paid a 7.625% 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. 2021	31 Dec. 2020
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%	0	491
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%	966	901
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%	1,318	1,229
March 2016	USD	1,500	semi-annual	7.625%	5 years	USD 5-year swap +6.314%	0	1,229
December 2016	USD	750	semi-annual	6.750%	5.25 years	USD 5-year swap +4.916%	659	614
November 2017	USD	750	semi-annual	5.125%	10 years	USD 5-year swap +2.838%	659	614
August 2018	USD	750	semi-annual	7.000%	10 years	USD 5-year swap +3.980%	659	614
March 2019	USD	1,500	semi-annual	6.625%	5 years	USD 5-year swap +4.149%	1,317	1,229
July 2019	AUD	300	semi-annual	4.500%	5.5 years	AUD 5-year swap +3.372%	192	189
February 2020	USD	1,750	semi-annual	4.500%	10 years	US CMT 5 years +2.944%	1,537	1,433
February 2021	USD	1,250	semi-annual	4.625%	10 years	US CMT 5 years +3.340%	1,098	0
UNDATED SUPER SUBORDINATED NOTES							**9,305**	**9,443**

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 nonpayment 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 *(millions)*	Interest rate	31 December 2021	31 December 2020
October 1985	EUR	305	TMO -0.25%	254	254
September 1986	USD	500	6-month Libor +0.075%	240	224
UNDATED FLOATING-RATE SUBORDINATED NOTES				**494**	**478**

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 Ordinary 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 has the option of resuming payment of interest arrears, even where no dividend is paid out.

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 bought back 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 2021.

NOTE 4 FINANCING, GUARANTEE AND SECURITIES COMMITMENTS

4.A FINANCING COMMITMENTS

In millions of euros, at	31 December 2021	31 December 2020
Credit institutions	**62,994**	**71,560**
Customers	**311,485**	**290,826**
Confirmed letters of credit	106,368	89,736
Other commitments given to customers	205,117	201,090
FINANCING COMMITMENTS GIVEN	**374,479**	**362,386**
Credit institutions	**83,427**	**71,884**
Customers	**56,950**	**33,880**
FINANCING COMMITMENTS RECEIVED	**140,377**	**105,764**

4.B GUARANTEE AND SECURITIES COMMITMENTS

In millions of euros, at	31 December 2021	31 December 2020

Credit institutions	**52,781**	**39,082**
Customers	**114,697**	**112,647**
GUARANTEE COMMITMENTS GIVEN	**167,478**	**151,729**
Credit institutions	**91,917**	**95,005**
Customers	**195,439**	**192,737**
GUARANTEE COMMITMENTS RECEIVED	**287,356**	**287,742**

In millions of euros, at	31 December 2021	31 December 2020
COMMITMENTS GIVEN ON SECURITIES	**33,278**	**31,535**
COMMITMENTS RECEIVED ON SECURITIES	**38,141**	**38,696**

4.C FINANCIAL INSTRUMENTS GIVEN OR RECEIVED AS COLLATERAL

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2021	31 December 2020
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	**97,577**	**88,584**
▪ Used as collateral with central banks	74,360	59,842
▪ Available for refinancing transactions	23,217	28,742
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group	**153,284**	**90,940**

As at 31 December 2021, the Bank had EUR 97,577 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 88,584 million as at 31 December 2020). This amount includes EUR 88,422 million deposited with the Banque de France (*vs.* EUR 78,499 million at 31 December 2020) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. As at 31 December 2021, the Bank had EUR 74,360 million of collateral deposited with central banks (EUR 59,842 million as at 31 December 2020).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 36,794 million at 31 December 2021 (*vs.* EUR 35,069 million at 31 December 2020), included in particular financing for BNP Paribas Home Loan SFH.

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2021	31 December 2020
Financial instruments received as collateral (excluding repurchase agreements)	**40,918**	**46,139**

NOTE 5 SALARIES AND EMPLOYEE BENEFITS

5.A SALARIES AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2021	Year to 31 Dec. 2020

Salaries	**(4,758)**	**(4,634)**
Tax and social security charges(1)	**(1,601)**	**(1,837)**
Employee profit-sharing and incentive plans	**(283)**	**(152)**
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(6,642)**	**(6,623)**

(1) Including the remeasurement of actuarial effects on post-employment benefits.

The following table gives the breakdown of BNP Paribas SA's headcount:

Headcount at	31 December 2021	31 December 2020
BNP Paribas Métropole	**33,848**	**34,347**
of which managers	*25,047*	*24,877*
Employees outside Metropolitan France	**18,596**	**18,243**
TOTAL BNP PARIBAS SA	**52,444**	**52,590**

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.

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 2021 was EUR 313 million, compared with EUR 307 million for the year 2020.

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 135 million at 31 December 2021 (against EUR 168 million at 31 December 2020), comprised of EUR 72 million for French plans and EUR 63 million for other plans.

BNP Paribas recognised EUR 593 million of retirement plan assets (recognised surplus and reimbursement rights) at 31 December 2021 as compared to EUR 269 million at 31 December 2020.

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 85% bonds, 7% 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 2021, 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: 6% equities, 80% bonds, and 14% 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.

The IFRIC decision of June 2021 provided for in ANC recommendation No. 2013-2 amended the measurement of the retirement benefit plans in France for which the entitlement scale is either capped in terms of total seniority, or composed of levels of acquisition of entitlements, or both, specifying the period and rate of recognition of the corresponding expenses. Its implementation led to a decrease in the present value of the gross obligation of EUR 77 million on 1 January 2021, offset by an increase in reserves for an amount net of tax of EUR 57 million.

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 2021, compared to EUR 15 million at 31 December 2020.

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 21 million at 31 December 2021 (EUR 45 million at 31 December 2020).

In millions of euros, at	31 December 2021	31 December 2020
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	**21**	**45**

NOTE 6 ADDITIONAL INFORMATION

6.A TRANSACTIONS IN SHARE CAPITAL

Resolutions of Shareholders' Annual General Meetings that can be used during the financial year are presented in chapter 2.1 *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 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**			
Capital reduction by cancellation of shares	(15,466,915)	2	(30,933,830)	(1)	(1)	14 Dec. 21
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2021	**1,234,331,646**	**2**	**2,468,663,292**			

(1) *During the last quarter of 2021, BNP Paribas SA bought back 15,466,915 of its own shares on the market and then cancelled them in accordance with the decision of the Board of Directors on 28 September 2021.*

6.B STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 31 DECEMBER 2019 AND 31 DECEMBER 2021

In millions of euros	Share capital	Additional paid-in capital	Net income and reserves and retained earnings for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2019	**2,500**	**23,222**	**47,113**	**72,835**
Others variations		18	(1)	17
Accelerated depreciation			(33)	(33)
Net income for 2020			4,404	4,404
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2020	**2,500**	**23,240**	**51,484**	**77,223**
Dividend payout for 2020			(3,323)	(3,323)
Capital reduction (by cancellation of shares)	(31)	(866)	(3)	(900)
Retrospective effect of the change in method relating to employee benefit obligations			57	57
Accelerated depreciation			(6)	(6)
Net income for 2021			7,307	7,307
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2021	**2,469**	**22,374**	**55,516**	**80,359**

6.C NOTIONAL AMOUNTS OF FINANCIAL INSTRUMENTS

The notional amounts of derivative financial 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 2021	31 December 2020
Currency derivatives	7,187,330	5,736,267
Interest rate derivatives	16,562,969	15,894,798
Equity derivatives	1,100,098	949,023
Credit derivatives	960,934	949,217
Other derivatives	207,817	123,675
FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**26,019,148**	**23,652,980**

Financial instruments traded on organised markets or admitted to clearing houses accounted for 44% of the Bank's derivatives transactions at 31 December 2021 (compared with 45% at 31 December 2020).

Hedging strategy

The total notional amount of derivative financial instruments used for hedging purposes stood at EUR 748,690 million at 31 December 2021, compared with EUR 750,419 million at 31 December 2020.

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 12,978 million at 31 December 2021, compared with a positive net position of EUR 10,052 million at 31 December 2020. The market value of the Bank's net short position on conditional transactions was valued at EUR 5,162 million at 31 December 2021, compared with a net long position of EUR 846 million at 31 December 2020.

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:

	Interbank transactions		Customer items		Total by region	
In millions of euros, at	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
France	461,018	421,940	363,017	331,260	824,035	753,200
Other countries in the European Economic Area	79,612	80,166	92,612	78,078	172,224	158,244
Americas and Asia	78,692	63,691	123,137	138,281	201,829	201,972
Other countries	1,703	1,437	3,474	4,136	5,177	5,573
TOTAL USES OF FUNDS	**621,025**	**567,234**	**582,240**	**551,755**	**1,203,265**	**1,118,989**
France	279,474	242,801	352,083	322,285	631,557	565,086
Other countries in the European Economic Area	37,310	35,504	141,634	124,776	178,944	160,280
Americas and Asia	24,532	27,100	228,773	247,701	253,305	274,801
Other countries	1,046	1,144	7,198	5,928	8,244	7,072
TOTAL SOURCES OF FUNDS	**342,362**	**306,549**	**729,688**	**700,690**	**1,072,050**	**1,007,239**

83% of BNP Paribas SA's revenues in 2021 came from counterparties in the European Economic Area (79% in 2020).

6.E SCHEDULE OF USES AND SOURCES OF FUNDS

		Term remaining					
In millions of euros	**Demand and overnight transactions**	**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	260,090	657					**260,747**
Treasury bills and money-market instruments	103	15,298	12,856	38,444	79,480	(42)	**146,181**
Due from credit institutions	8,536	115,527	30,594	44,912	14,528	(385)	**214,097**
Customer and leasing transactions	17,837	261,720	71,810	135,191	95,682	(5,928)	**582,240**
Bonds and other fixed-income securities	1,464	5,448	5,715	40,503	58,890	(538)	**112,020**
Sources of funds							
Amounts due to credit institutions and central banks and CCP	30,483	130,469	19,077	142,029	20,304		**342,362**
Customer items	394,287	278,296	31,131	16,736	9,238		**729,688**
Debt securities	384	22,083	22,795	46,322	57,208		**148,792**

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-O A of the French General Tax Code and the Order issued on 26 February 2021 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 2021 and dividend distribution

At the Annual General Meeting of 17 May 2022, the Board of directors will propose an appropriation of net income for the year ended 31 December 2021 and dividend distribution under the following terms:

In millions of euros	
Net income	7,307
Unappropriated retained earnings	31,585
TOTAL TO BE APPROPRIATED	**38,892**
Dividend	4,530
Retained earnings	34,362
TOTAL APPROPRIATED INCOME	**38,892**

The total proposed dividend to be paid to BNP Paribas SA shareholders is EUR 4,530 million, which corresponds to EUR 3.67 per share (with a par value of EUR 2.00) based on the number of existing shares at 31 December 2021.

6.3 BNP Paribas SA five-year financial summary

	2017	2018	2019	2020	2021
Financial position at year-end					
a) Share capital *(in euros)*	2,497,718,772	2,499,597,122	2,499,597,122	2,499,597,122	2,468,663,292
b) Number of shares issued	1,248,859,386	1,249,798,561	1,249,798,561	1,249,798,561	1,234,331,646
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	27,707	33,333	40,100	32,108	31,884
b) Earnings before tax, depreciation, amortisation and impairment	3,003	4,631	7,611	7,159	7,769
c) Income tax expense	345	557	(325)	(653)	(716)
d) Profit after tax, depreciation, amortisation and impairment	3,157	5,027	7,490	4,404	7,307
e) Total dividend payout(1)	3,772	3,774	-	3,324	4,530
Earnings per share *(in euros)*					
a) Profit after tax, but before depreciation, amortisation and impairment	2.68	4.15	5.83	5.21	5.71
b) Profit after tax, depreciation, amortisation and impairment	2.53	4.02	5.99	3.52	5.92
c) Dividend per share(1)	3.02	3.02	-	2.66	3.67
Employee data					
a) Number of employees at year-end	53,078	54,299	53,880	52,590	52,444
b) Total payroll expense *(in millions of euros)*	4,441	4,208	4,797	4,721	4,792
c) Amount paid in respect of social benefits (social security, employee welfare, *etc.*) *(in millions of euros)*	1,577	1,604	1,535	1,485	1,543

(1) For 2021, subject to approval by the Annual General Meeting of 17 May 2022.

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	(1)	0	194	3	(1)	0	100%	(1)
Austin Finance 3 Rue d'Antin 75002 Paris France	485,260,640	EUR	799	139	0	0	799	139	0	0	100%	(1)
Banca Nazionale Del Lavoro SPA Viale Altiero Spinelli 30 00157 Rome Italy		EUR	2,077	3,735	335	2,388	2,077	3,735	335	2,388	100%	(1)
Banco BNPP Brasil SA 510 Av. Presidente Juscelino Kubitschek, 10° to 13° Andares, Itaim Bibi 04543-906 Sao Paolo Brazil		BRL	1,755	1,984	282	1,065	277	313	44	168	100%	(2)
BNP Paribas Bank Polska SA 10/16 ul. Kasprzaka 01-211 Warsaw Poland		PLN	148	10,664	195	3,646	32	2,322	43	794	63%	(2)

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 %	
Bank BNPP Indonesia PT 35 th Floor Menara BCA Grand Indonesia Jl M H Thamrin No. 1 10310 Jakarta Indonesia		IDR	3,852,573	2,472,974	125,000	540,311	237	152	8	33	99%	(2)
BNP PUK Holding Ltd 10 Harewood Avenue London NW1 6AA United Kingdom		GBP	40	9	6	7	48	11	7	9	100%	(2)
BNPP Asset Management Holding 1 Boulevard Haussmann 75009 Paris France	682,001,904	EUR	23	1,516	568	149	23	1,516	568	149	67%	(1)
BNPP Bank JSC 5 Lesnaya Street, Bld. B Business Center White Square Russian Federation 125047 Moscow		RUB	5,798	3,619	537	1,674	68	43	6	20	100%	(2)
BNPP Canada Corp 1981 avenue McGill College H3A 2W8 Montreal Canada		CAD	159	458	6	2	110	318	4	1	100%	(2)
BNPP Cardif 1 Boulevard Haussmann 75009 Paris France	382,983,922	EUR	150	2,608	887	953	150	2,608	887	953	100%	(1)

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 China Ltd 25/F Shanghai World Financial Center 100 Century Avenue Shanghai 200120 PRC 200120 Shanghai China		CNY	8,711	1,855	266	930	1,200	256	37	128	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	9,891	(2,412)	42,952	29	2	(1)	9	94%	(2)
BNPP Développement 20 Rue Chauchat 75009 Paris France	348,540,592	EUR	128	931	159	194	128	931	159	194	100%	(1)
BNPP El Djazair 8 Rue de Cirta Hydra 16035 Algiers Algeria		DZD	20,000	12,284	2,731	13,827	127	78	17	88	84%	(2)
BNPP Factor 46/52 Rue Arago 92823 Puteaux France	775,675,069	EUR	6	31	26	105	6	31	26	105	100%	(2)
BNPP Factor Sociedade Financeira de Credito SA 3525 Avenida de Boavista Edificio Aviz 6ø 4100 Porto Portugal		EUR	13	68	5	11	13	68	5	11	64%	(2)
BNPP Fortis 3 Montagne du Parc/Warandeberg 3 1000 Brussels Belgium		EUR	10,965	7,738	2,002	4,753	10,965	7,738	2,002	4,753	100%	(1)

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	4	285	1	1	4	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	406	247	498	31	5	3	6	100%	(2)
BNPP IRB Participations 1 Boulevard Haussmann 75009 Paris France	433,891,983	EUR	46	59	99	75	46	59	99	75	100%	(1)
BNPP Ireland Unlimited Co 5 George's Dock IFSC Dublin 1 Ireland		EUR	902	2	58	58	902	2	58	58	100%	(2)
BNPP Lease Group Leasing Solutions SPA 3 Piazza Lina Bo Bardi 20124 Milan Italy		EUR	65	37	(33)	4	65	37	(33)	4	74%	(2)

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 Malaysia Berhad Level 48, Vista Tower The Intermark 182 Jalan Tun Razak 50400 Kuala Lumpur Malaysia		MYR	650	242	1	56	137	51	0	12	100%	(2)
BNPP Mexico Avenida Paseo de las Palmas 11000 Ciudad de Mexico Mexico		MXN	4,500	0	0	0	193	0	0	0	100%	(2)
BNPP Personal Finance 1 Boulevard Haussmann 75009 Paris France	542,097,902	EUR	547	5,666	(113)	1,284	547	5,666	(113)	1,284	100%	(1)
BNPP Prime Brokerage International Ltd c/o Marsh Management Services (Dublin) Limited 25/28 Adelaide Road Dublin 2 Ireland		USD	0	596	155	316	0	523	136	277	100%	(2)
BNPP Public Sector SCF 1 Boulevard Haussmann 75009 Paris France	433,932,811	EUR	24	(4)	3	12	24	(4)	3	12	100%	(1)
BNPP Real Estate 167 Quai de la Bataille de Stalingrad 92867 Issy-Les-Moulineaux France	692,012,180	EUR	383	401	91	765	383	401	91	765	100%	(2)
BNPP Real Estate Investment Management Italy SPA		EUR	10	12	(11)	6	10	12	(11)	6	100%	(2)

Name	Siren	Currency	Share capital (in millions of foreign currency)	Reserves and retained earnings before income appropriation (in millions of foreign currency)	Last published net income (in millions of foreign currency)	NBI or Pre-tax revenue BNP Paribas(**) (in millions of foreign currency)	Share capital (in millions of euros(*))	Reserves and retained earnings before income appropriation (in millions of euros(*))	Last published net income (in millions of euros(*))	NBI or Pre-tax revenue(**) (in millions of euros(*))	Percent of share capital held in %	Ref.
Via Carlo Bo 11 20143 Milano Italy												
BNPP Réunion 1 Boulevard Haussmann 75009 Paris France	428,633,408	EUR	25	16	(1)	40	25	16	(1)	40	100%	(2)
BNPP SB Re 16 Rue Edward Steichen L – 2540 Luxembourg Luxembourg		EUR	250	219	25	37	250	219	25	37	100%	(2)
BNPP Securities Asia Ltd 59-63/F II International Finance Centre 8 Finance Street Central Hong Kong		HKD	3,329	(2,102)	15	466	375	(237)	2	52	100%	(2)
BNPP Securities Japan Ltd GranTokyo North Tower 1-9-1 Marunouchi, Chiyoda-ku 100-6740 Tokyo Japan		JPY	201,050	18,780	13,429	34,005	1,535	143	103	260	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	18,157	(11,099)	5,123	185	13	(8)	4	100%	(2)
BNPP Securities Services 3 Rue d'Antin 75002 Paris France	552,108,011	EUR	183	1,285	408	2,036	183	1,285	408	2,036	95%	(1)
BNPP Suisse SA 2 Place de Hollande 1211 Geneva 11 Switzerland		CHF	320	1,359	44	281	309	1,309	43	270	100%	(2)

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 USA Inc 787 Seventh Avenue NY 10019 New York United States of America		USD	15,060	326	696	730	13,230	287	612	641	100%	(2)
BNPP VPG Master LLC 787 Seventh Avenue NY 10019 New York United States of America		USD	29	23	16	16	26	20	14	14	100%	(2)
BNPP Yatirimlar Holding AS Ankara caddesi, Büyük Kelkit Han No. 243, Kat 5 Sirkeci, Eminönü/Fatih Istanbul Turkey		TRY	1,032	4	3	5	68	0	0	0	100%	(2)
Compagnie Financière Ottomane SA 44 Avenue JF Kennedy L – 1855 Luxembourg Luxembourg		EUR	9	467	(6)	(6)	9	467	(6)	(6)	97%	(2)
Financière des Italiens 41 Avenue de l'Opéra 75002 Paris France	422,994,954	EUR	412	(178)	0	0	412	(178)	0	0	100%	(1)

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 %	
Financière des Paiements Électroniques 18 avenue Winston Churchill 94220 Charenton-le-Pont France	753,886,092	EUR	1	68	1	86	1	68	1	86	95%	(2)
Financière du Marché Saint-Honoré 37 Place du Marché Saint-Honoré 75001 Paris France	662,047,513	EUR	237	(37)	(18)	0	237	(37)	(18)	0	100%	(1)
Harewood Helena 1 Ltd 10 Harewood Avenue London NW1 6AA United Kingdom		USD	39	3	2	0	34	2	1	0	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	(35)	144	120	28	0	2	1	100%	(2)
International Factors Italia SPA 15 Via Vittor Pisani 20124 Milan Italy		EUR	56	737	26	106	56	737	26	106	100%	(2)
Lion International Investments SA 30 Viale Altiero Spinelli 00157 Rome Italy		EUR	110	168	(4)	(3)	110	168	(4)	(3)	100%	(2)
Natiocredibail 12 rue du port 92000 Nanterre France	998,630,206	EUR	32	69	32	33	32	69	32	33	100%	(2)

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 %	
Optichamps 41 Avenue de l'Opéra 75002 Paris France	428,634,695	EUR	411	(149)	0	0	411	(149)	0	0	100%	(1)
Parilease 41 Avenue de l'Opéra 75002 Paris France	339,320,392	EUR	129	249	(2)	2	129	249	(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	5	9	6	44	5	9	6	44	100%	(1)
Sagip3 Montagne du Parc 1000 Brussels Belgium		EUR	657	3,008	(4)	(4)	657	3,008	(4)	(4)	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	11,795	2,124	7,706	7	139	25	91	73%	(2)
SNC Taitbout Participation 3 1 Boulevard Haussmann 75009 Paris France	433,912,250	EUR	552	0	219		552	0	219	0	100%	(1)
Société Orbaisienne de Participations 1 Boulevard Haussmann 75009 Paris	428,753,479	EUR	311	(104)	1		311	(104)	1	0	100%	(1)

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 %	
France												
UkrSibbank Public JSC 7 Andreevskaya Street 04070 Kiev Ukraine		UAH	5,069	2,612	1,596	6,132	163	84	51	197	60%	(2)
Verner Investissements 95 Rue de la Boétie 75008 Paris France	388,271,298	EUR	15	12	125	188	15	12	125	188	84%	(2)

(*) Converted at the price on 31/12/2021.

(**) Pre-tax revenue for commercial entities and NBI for banking entities.

(1) Non-audited social contribution data at 31/12/2021.

(2) Data used in Group consolidated financial statements at 31/12/2021.

Name	Siren	Currency	Share capital (in millions of foreign currency)	Reserves and retained earnings before income appropriation (in millions of foreign currency)	Last published net income (in millions of foreign currency)	NBI or Pre-tax revenue BNP Paribas(**) (in millions of foreign currency)	Share capital (in millions of euros(*))	Reserves and retained earnings before income appropriation (in millions of euros(*))	Last published net income (in millions of euros(*))	NBI or Pre-tax revenue(**) (in millions of euros(*))	Percent of share capital held (in %)	Ref.
2. Associated companies (10% to 50%-owned)												
Bank of Nanjing 50 Huaihai Road 210005 Nanjing China		CNY	10,007	86,928	13,210	34,465	1,379	11,977	1,820	4,749	15%	(2)
BGL BNPP 50 Avenue J.F. Kennedy 2951 Luxembourg Luxembourg		EUR	713	6,710	354	790	713	6,710	354	790	16%	(1)
Crédit Logement 50 Boulevard de Sébastopol 75003 Paris France	302,493,275	EUR	1,260	306	99	201	1,260	306	99	201	16%	(2)
Euro Protection Surveillance 30 Rue du Doubs 67100 Strasbourg France	338,780,513	EUR	1	81	21	150	1	81	21	150	11%	(4)
Geojit BNP Paribas Financial Services Ltd (Group) 34/659-P Civil Line Road Padivattom Kochi 682024 Kerala India		INR	238	3,149	1,139	4,055	3	37	13	48	33%	(3)
BNPP Leasing Solutions 16 rue Edward Steichen 2540 Luxembourg Luxembourg		EUR	1,815	409	134	135	1,815	409	134	135	50%	(1)

(*) Converted at the price on 31/12/2021.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contribution data at 31/12/2021.
(2) Data used in Group consolidated financial statements at 31/12/2020.
(3) Data used in Group consolidated financial statements at 31/03/2021.
(4) Data used in Group consolidated financial statements at 31/09/2021.

In millions of euros	Subsidiaries: French	Subsidiaries: Foreign	Associated companies: French	Associated companies: Foreign

II – General information about all subsidiaries and associated companies				
Book value of shares				
Gross value	19,219	51,641	875	2,734
Carrying amount	17,813	45,341	865	2,582
Loans and advances given by BNP Paribas SA	35,671	6,756	35	13
Guarantees and endorsements given by BNP Paribas SA	47,925	24,576	0	66
Dividends received	1,182	3,935	21	177

6.5 Disclosures of investments of BNP Paribas SA in 2021 affecting at least 5% of share capital of french companies

Crossing threshold of more than 5% of the capital		
Unlisted	Metron	SAS
Crossing threshold of more than 10% of the capital		
Unlisted	Euro Secured Notes Issuer	SAS
Unlisted	L2M Heritage	SAS
Unlisted	Euro Protection Surveillance	SAS
Crossing threshold of more than 20% of the capital		
None		
Crossing threshold of more than 33.33% of the capital		
Unlisted	Verner Investissements	SAS
Unlisted	BNPP Partners for Innovation	SAS
Crossing threshold of more than 50% of the capital		
None		
Crossing threshold of more than 66.66% of the capital		
Unlisted	Verner Investissements NewCo1	SAS
Unlisted	Verner Investissements NewCo2	SAS

6.6 Statutory Auditors’ report on the financial statements

For the year ended 31 December 2021

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 2021.

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 2021 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 2021 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.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the paragraph "Employee benefits" of Note 1 which sets out the effects on the financial statements at 31 December 2021 of the application of the IFRIC decision on the commitments to be recognised in respect of certain post-employment benefit plans.

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 on customer loan portfolios

(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.	We assessed the relevance of BNP Paribas' control system and tested the manual and computerised controls for identifying and measuring impairment.

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. Uncertainties remain about the medium-term effects of the health crisis and the sustainability of the recovery for both health and economic reasons. At 31 December 2021, total balance sheet outstandings due from customers exposed to credit risk amounted to EUR 588 billion while total impairment losses stood at EUR 5.9 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 as regards credit granted to companies, particularly in the context of the ongoing high uncertainty linked to the pandemic and its effects on the actual default level of businesses in the years to come.	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: ▪ counterparty business ratings: We assessed the risk level of a sample of outstandings under surveillance. During our work, we paid particular attention to the geographical regions and sectors still impacted by the Covid-19 crisis; ▪ 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 and 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 2021, the market value of trading securities represented EUR 109 billion, the bank's positive net position on firm transactions was valued at EUR 13 billion and the market value of the bank's net short position on conditional transactions was valued at EUR 5.2 billion. 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	Our audit work consisted in:

recognised on the balance sheet at a carrying amount of EUR 67 billion. 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 materiality in the balance sheet and the sensitivity of the models used to the assumptions underlying the estimated values, we deemed the measurement of these investments to be a key audit matter.	▪ assessing, using sampling techniques, the justification for the valuation methods and data used by management to estimate values in use; ▪ 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.

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 disclosures about payment terms referred to in article D. 441-6 of the French Commercial Code, we have the following matter to report: as indicated in the management report, these disclosures do not include banking and related transactions, as the Company considers that such transactions do not fall within the scope of the disclosures 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 and L. 22-10-10 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 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 consolidated financial statements included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that 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) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting 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 2021, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars were in the sixteenth, the twenty-eighth and the twenty-second 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, 15 March 2022

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Laurence Dubois	Patrice Morot	Virginie Chauvin"

(g) Section 7 entitled "A Committed Bank: Information Concerning The Economic, Social, Civic and Environmental Responsibility of BNP Paribas" on pages 642 to 741 shall be deleted in its entirety and replaced with the following:

" 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 2021:

On the economic side, as a major player in sustainable finance:

- BNP Paribas committed to a carbon neutral economy by 2050 by signing the Net Zero Banking Alliance (NZBA), the Net Zero Asset Owner Alliance (NZAOA, signed by BNP Paribas Cardif) and the Net Zero Asset Managers initiative (NZAMi, signed by BNP Paribas Asset Management);
- the Group has committed to reducing its credit exposure to oil and gas exploration and production activities by 12% between 2020 and 2025;
- BNP Paribas is ranked 1st French bank and 7th European bank in the "Global 100 Most Sustainable Corporations 2022";
- the Group is the 2nd global player in the sustainable bond market according to Dealogic, with EUR 46.1 billion as bookrunner for its clients;
- BNP Paribas underwrote EUR 23.4 billion in Sustainability-Linked Loans with large corporate clients;
- the 11th social impact bond structured by BNP Paribas was signed with a project with *Médecins du Monde* and key role in the 1st development impact bond commissioned by the French Government;
- the ESG analysis of counterparties is being deepened thanks to a new risk assessment tool, the ESG Assessment. By 2023, 100% of the Group's large corporate clients will have been analysed in 5 areas: climate, pollution and biodiversity, workers' rights, the rights of local communities and consumers, governance and business ethics;
- EUR 450 million are allocated to proprietary investments in favour of the environmental transition, natural capital, local development and social impact including EUR 250 million in innovation and EUR 200 million of impact investments.

On the social aspect, for employees:

- 84% of respondents to the Joint Pulse Survey "Conduct" and "Diversity and Inclusion" support the Group's actions in terms of Diversity and Inclusion (overall score of the survey conducted in October 2021 with 80,000 respondents);
- the "About Me" digital HR platform, at the heart of the Group's career management, has been recognised at the Digital HR Awards by Deloitte. Since 2021: 98% of employees have access, over 2 million skills have been declared, and the annual objectives of 178,000 employees and more than 55,000 personal development plans are included;
- an agreement on remote working was signed for the first time at the level of BNP Paribas SA and its subsidiaries in France (July) and a European charter on remote working was signed (November) including remote working as the standard and sustainable way of working for activities that can be done remotely;
- reinforced prevention measures continued to be implemented to protect the health of employees, including vaccination campaigns with the mobilisation of its Integrated Occupational Health Service in France, which has achieved a total of 8,000 Covid-19 vaccinations from 2021 to January 2022;
- in 2021, the Group's Code of conduct was enhanced and updated on the following topics: the fight against corruption, the energy transition, competition law and respect for people. A reference to the Group's purpose has also been added.

On the civic side, to promote a more inclusive society:

- BNP Paribas is one of the first signatories of the UN Commitment to Financial Health and Inclusion for the greatest number of people;
- the Group continued to support for EUR 367 million Microfinance Institutions (MFIs), significantly impacted by the pandemic, and contributes to the development of green microfinance;
- BNP Paribas Cardif (in partnership with the Grameen Creative Lab) supported the launch of Tangata Emploi, an intrapreneurship project aimed at improving the employment rate of people with disabilities;
- nearly 2.4 million people were able to benefit from the opening of a Nickel account at the end of 2021 in France, without conditions, and 80% of holders earn less than EUR 1,500 per month;
- the Group's integration programme for refugees in Europe was renewed for three years: in 2021, it allocated EUR 1.5 million to 27 associations in 10 countries.

On the environmental aspect, in support of the energy and ecological transition:

- BNP Paribas has created the Low-Carbon Transition Group, comprising in the long term a total of 250 professionals dedicated to financing the energy transition of its customers;
- the Group is positioned as the 2nd global player in the green bond market according to Dealogic, with EUR 22 billion as bookrunner for its clients;
- BNP Paribas has published a position on the preservation of biodiversity and has set a target of EUR 4 billion in funding contributing to the protection of biodiversity by 2025;
- the Group has strengthened its policy of combating deforestation, particularly in Brazil, which has enabled it to be ranked 1st among 150 financial institutions by the NGO Global Canopy;
- BNP Paribas and Solar Impulse launched a fund of EUR 150 million to support innovative start-ups with high potential in the ecological transition;
- two Group experts have joined the Taskforce on Nature-related Financial Disclosure (TNFD), which aims to provide a framework for financial institutions to better describe their risks, dependencies and impacts on nature. The TNFD was set up thanks to a multi-stakeholder working group co-chaired by BNP Paribas, with work completed in the summer of 2021.

Ratings of BNP Paribas by extra-financial agencies:

The Group is positioned in the first quartile of the banking sector for the FTSE, SAM and Moody's ESG Solutions (formerly Vigeo Eiris) agencies:

- FTSE gave the Group a score of 4.4/5 in December 2021, placing it in the top 4% of companies in the banking sector;
- BNP Paribas obtained a score of 82/100 in November 2021 from SAM, ranking it the top French bank and in the top 6% of companies in the "Banking" sector;
- Moody's ESG Solutions gave the Group a score of 71/100 in December 2021, ranking it the top bank out of 31 in the "Diversified banks in Europe" sector and in the top 1% worldwide (out of 4,800 companies assessed).

7.1 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.

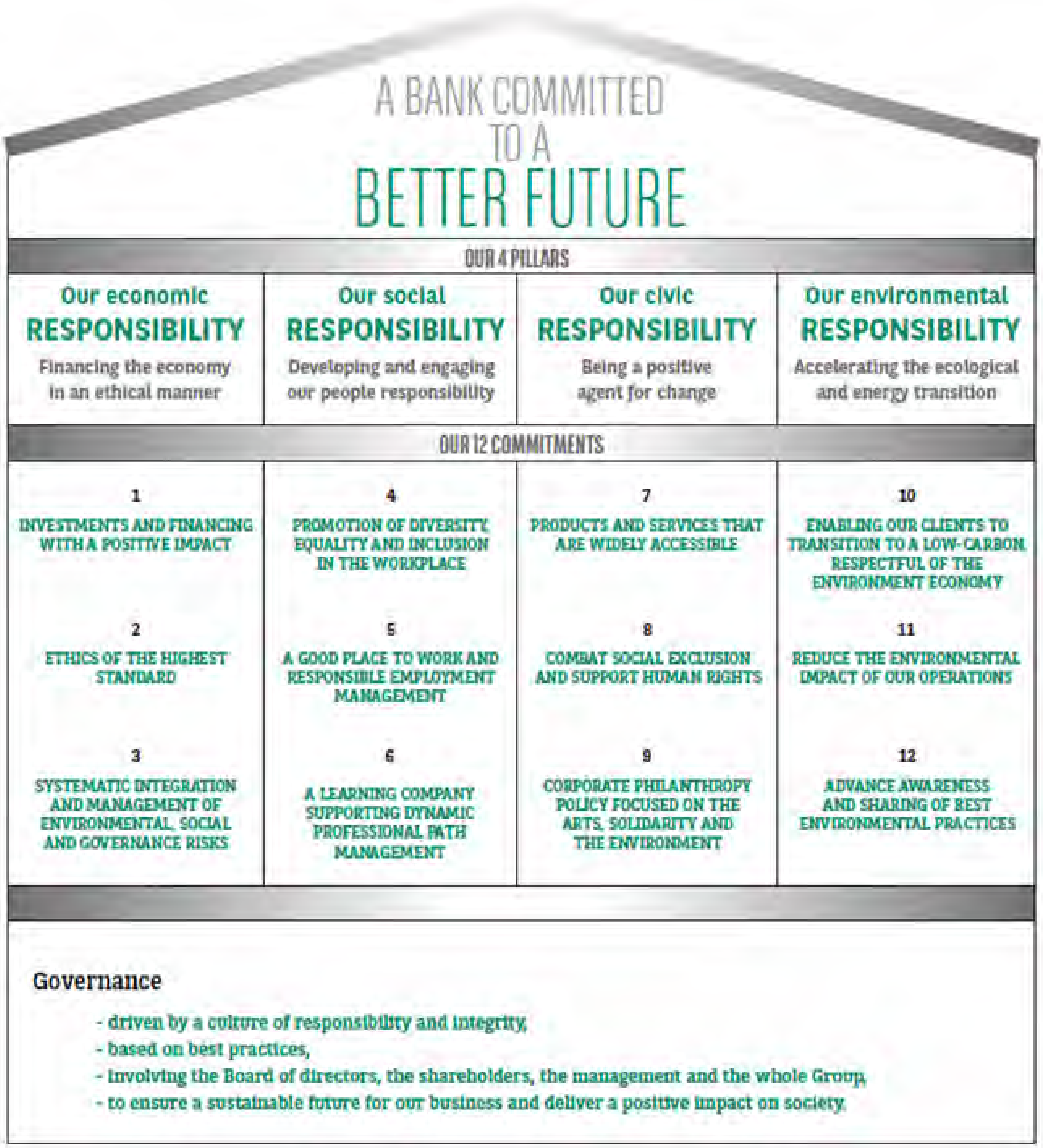
We are developing the tools to measure our environmental and social impact and we are focusing on actions that involve all employees.

BNP Paribas. The bank for a changing world."

[1] *Text summarising the documents Mission and vision (2015), Code of conduct (2016) and Commitment Manifesto (2018), for which the preparation involved several hundred employees.*

OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGY (CSR)

In line with the United Nations Sustainable Development Goals, BNP Paribas' corporate social responsibility policy is structured around 4 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. Since 2021, a specific governance has also been put in place to strengthen actions in the area of sustainable finance (see *CSR, taken to the highest level in the organisation,* section 7.1).



THE CSR POLICY MANAGEMENT DASHBOARD

BNP Paribas has set up a dashboard comprising 9 CSR indicators to guide its strategy in this area. The monitoring of this CSR dashboard is carried out on an annual basis by the Group's Executive Committee and Board of directors. The achievement of these 9 indicators is included in the calculation of the three-year retention plan for more than 7,000 key Group employees, where they account for 20% of the award conditions (see *A socially responsible, fair and competitive compensation policy*, Commitment 5). At the end of 2021, eight of the nine indicators were in line with the target.

Pillar	Commitment	Indicator	2018 Baseline	2019 Results	2020 Results	2021 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)	EUR 168 billion	EUR 180 billion	EUR 188 billion	EUR 244 billion	Increase by EUR 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%	98.7%	Maintain more than 95% in 2021
Our social responsibility	4. Promotion of diversity, equality and inclusion	Percentage of women among the SMP population (Senior Management Position)	28%	29%	31%	32%	More than 31% in 2021
	5. A "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%	100% in 2021
	6. A learning company supporting dynamic professional path management	Proportion of employees who completed at least 2 training courses during the previous 12 months	91.8%	94.8%	90.2%	98.3%	Maintain more than 90% in 2021
Our civic responsibility	8. Combat social exclusion and support human rights	Number of solidarity hours performed by the employees	305,000 hours	>450,000 hours	>510,000 hours	>509,000 hours	1 million hours in 2021
	8. Combat social exclusion and support human rights	Support (financing, investments on behalf of the bank and third parties) to associations and Social and Solidarity Economy enterprises(2)	EUR 5.6 billion	EUR 6.2 billion	EUR 6.3 billion	EUR 6.8 billion	EUR 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(3)	EUR 15.4 billion	EUR 15.9 billion(4)	EUR 17.8 billion	EUR 18.6 billion	EUR 18 billion in 2021
	11. Reduce the environmental footprint of our own operations	Greenhouse gas emissions in teq CO_2/FTE(5) (kWh buildings and business travel)	2.45 teq CO_2/FTE	2.32 teq CO_2/FTE	1.80 teq CO_2/FTE	1.50 teq CO_2/ETP	2.31 teq CO_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) List of loans to associations, investments on behalf of third parties in solidarity savings funds managed by BNP Paribas Asset Management, and the Group's support for social entrepreneurship. This amount includes all solidarity savings fund outstandings, which amounted to EUR 3 billion at the end of 2021.

(3) Inventory, in all countries where the Group operates, of total credit authorisations to the renewable energy sector, as of 31 December 2021.

(4) EUR 14 billion on the more selective methodology applied from 2019.

(5) Tons equivalent of CO_2 per Full-Time Equivalent.

As part of the launch of its Strategic Plan for 2022-2025, BNP Paribas has defined new CSR management indicators with commitments by 2025.

Pillar	No.	Indicator	2025 Objective
Our economic responsibility	1	Amount of sustainable loans(1)	EUR 150 billion
	2	Amount of sustainable bonds(2)	EUR 200 billion
	3	Amount of sustainable investments(3) (assets under management of article 8 & 9 SFDR funds)(4)	EUR 300 billion
Our social responsibility	4	Share of women among the SMP population (Senior Management Position)	40%
	5	Number of solidarity hours performed by employees (#1MillionHours2Help)	1 million hours (over two rolling years)
	6	Share of employees who completed at least four training courses during the previous 12 months	90%
Our civic responsibility	7	Number of beneficiaries of products and services supporting financial inclusion(5)	6 million beneficiaries
Our environmental responsibility	8	Amount of the support enabling our clients to transition to a low-carbon economy(6)	EUR 200 billion
	9	Amount of financing to companies contributing to protect terrestrial and marine biodiversity(7)	EUR 4 billion
	10	Greenhouse gas emissions in tons of CO_2 equivalent (teq CO_2)/full-time employees (buildings kWh, including IT, + business trips)	1.85 teq CO_2/FTE

(1) Cumulative amount of sustainable loans for 2022-2025 related to environmental and social issues, originated by BNP Paribas and granted to its customers.

(2) Cumulative amount of all types of sustainable bonds 2022-2025 (total amount divided by the number of bookrunners).

(3) BNP Paribas Asset Management open funds distributed in Europe; to be noted that IPS will progressively adapt the KPI with more "sustainable" assets under management (taking into account ESG principles).

(4) Sustainable Finance Disclosure Regulation (European regulation on the publication of sustainability information in the financial services sector).

(5) Number of Nickel accounts opened and number of beneficiaries of microloans distributed by microfinance institutions financed by the Group (pro rata of the financing).

(6) Green loans, green bonds and financing for low-carbon technologies, such as renewable energies, green hydrogen, etc.

(7) Loans and bonds contributing to the protection of terrestrial and marine biodiversity.

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 65 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, BNP Paribas Securities Services and BNP Paribas Capital Partners;
- Principles for Responsible Banking (PRB).

Commitments specific to the environment

Amongst BNP Paribas' environmental commitments:

Net-Zero Banking Alliance

Continuing its commitments to combat global warming, BNP Paribas joined the Net-Zero Banking Alliance (NZBA) on 21 April 2021, along with 42 other founding members. At the end of 2021, the alliance brings together more than 100 banks from 40 countries, committed to financing a carbon-neutral economy by 2050 (see *Investments and financing with a positive impact*, Commitment 1). In this context, BNP Paribas is currently setting intermediate sector targets, which will be presented in an alignment report in the first half of 2022.

Net-Zero Asset Owner Alliance and Net-Zero Asset Managers Initiative

Other Net Zero initiatives are grouped within the Glasgow Financial Alliance for Net Zero (GFANZ). The Net-Zero Asset Owner Alliance (NZAOA) signed by BNP Paribas Cardif in September 2021 and the Net-Zero Asset Managers initiative (NZAMi) signed by BNP Paribas Asset Management in November 2021 are examples. The two entities are committed to supporting the goal of zero net greenhouse gas emissions by 2050. The NZAOA has 66 signatories which represent a total of USD 10,000 billion. The NZAMi has 220 signatories representing a total of USD 57,000 billion in assets under management.

- the Institutional Investors Group on Climate Change (IIGCC);
- the Roundtable on Sustainable Palm Oil (RSPO);
- the Task Force on Climate-related Financial Disclosures (TCFD);
- the Act4nature initiative;
- the Afep commitments to the circular economy;
- Medef's Business Climate Pledge;
- the Women's Forum's 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 and;
- 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 pour 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 nonconventional hydrocarbons[1];
- 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 by BNP Paribas on human rights;
- an Anti-Corruption Policy;
- a charter for responsible representation with respect to the public authorities;
- a BNP Paribas Responsible Procurement Charter;
- a BNP Paribas Responsible Business Relations Charter;
- a "BNP Paribas and the protection of the oceans" position;
- a "BNP Paribas and the preservation of biodiversity" position;
- 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;
- a tax Code of conduct, intended to inform its stakeholders about the Group's tax practices, whose principles are reflected, throughout the world, in the payment of a significant contribution to the public finances of the various countries in which the Bank operates.

[1] *These policies are available online: https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies.*

[2] *PCB: polychlorobiphenyls.*

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, director and Chief Executive Officer of BNP Paribas, is Chairman of the *Entreprises pour l'Environnement* think tank (EpE which brings together more than 50 companies);
- Jean-Laurent Bonnafé, director and Chief Executive Officer of the BNP Paribas Group, sits on the Leadership Council of UNEP FI;
- Laurence Pessez, Global Head of CSR of BNP Paribas, sits on the Banking Board of the Principles for Responsible Banking of the UNEP FI (PRB);
- Laurence Pessez is also Vice-President of the European think tank, *Institut du Développement Durable et des Relations Internationales* (IDDRI).

Task force on Nature-related Financial Disclosures (TNFD)

Two experts from BNP Paribas, Sébastien Soleille, Global Head of Energy Transition and Environment, and Robert-Alexandre Poujade, ESG Analyst, Biodiversity Lead at BNP Paribas Asset Management, now represent the Group within this task force. Launched in June 2021, the TNFD aims to define a common methodological framework to better assess the dependencies, impacts and risks related to biodiversity for companies and the financial sector.

Financial Services Taskforce (FSTF)

Launched at the instigation of the Prince of Wales, with the aim of helping to accelerate the world's transition towards a sustainable future, the FSTF includes the managers of a dozen international banks, including Jean-Laurent Bonnafé, director and Chief Executive Officer of BNP Paribas (see *Investments and financing with a positive impact*, Commitment 1).

PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

The following table displays the most recent evaluations from the main extra-financial rating agencies and the inclusion of BNP Paribas in the related extra-financial indexes.

In 2021, 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- (2021)	A- (2020)	-
FTSE Russell	4.4/5 (2021)	4.9/5 (2020)	FTSE4Good Global Index Series
ISS (ESG Corporate Rating)	C+ (2021)	C+ (2020)	Prime (best-in-class status)
MSCI (ESG Corporate Rating)	AA (2021)	AA (2020)	-
SAM (Corporate Sustainability Assessment)	82/100 (2021)	81/100 (2020)	DJSI World – DJSI Europe
Sustainalytics (ESG Risk Rating)	Medium risk -25.6/100(1) (Nov. 2021)	Medium risk -25.7/100 (Nov. 2020)	STOXX Global ESG Leaders
Moody's ESG Solutions(2) (ESG Profile)	71/100 (2021) No. 1 European bank in the ranking Solicited rating: A1+	71/100 (2020)	Euronext-Vigeo Eiris: World 120, Eurozone 120, Europe 120 and France 20

(1) 0 being the best score attributable.
(2) New name of V.E. (Vigeo Eiris).

BNP Paribas also obtained a score of 72/100 in the extra-financial assessment of EcoVadis, an agency specialising in the rating of companies as suppliers of products and services. This result allows the Group to remain 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, equality and inclusion in the workplace*, Commitment 4).

In addition, in 2021, BNP Paribas' Moroccan subsidiary, BMCI, remained present in the Moody's ESG Solutions "**100 Best Emerging Market Performers Ranking**". It came 2nd in the banking sector and 5th of the full ranking.

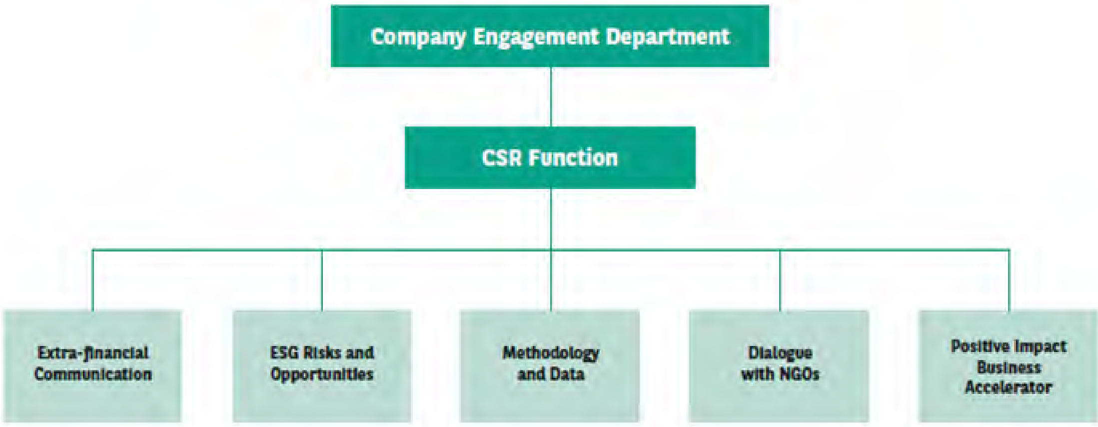
Lastly, other entities and specialised magazines have acknowledged the Group's improved performance. Indeed, BNP Paribas:

- was designated in 2021 "**World's Best Bank for Sustainable Finance**" and "**World's Best Bank for ESG Data and Technology**" by Euromoney, the leading publication in international finance;
- was designated **"Investment Bank of the Year"** in the category Sustainable SSA Financing during the 2021 Investment Banking Awards organised by the leading magazine The Banker;
- was listed as the leading French bank and 7th global bank in the 2022 "**Global 100 Most Sustainable Corporations**" ranking of the Canadian magazine Corporate Knights[1], ranking in 76th place.

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 189,765 FTE employees as at end-2021, 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:



This CSR team 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 220 people spend all or a majority of their time on CSR matters within BNP Paribas. They may also call on the expertise of more than 440 contributors on specific topics, such as direct environmental impacts, microfinance or financing and investment policies.

Strengthened governance in Sustainable Finance

In 2021, the Group's ESG governance system was extended to all aspects of the Company and its structure was accentuated.

A **Sustainable Finance Strategic Committee**, chaired by the director and Chief Executive Officer, was set up in November 2021. This bimonthly committee, in which members of Executive Management, the Company Engagement Department and the heads of the business lines and functions involved take part, approves the overall strategy in terms of sustainable finance, decides on the overall commitments made by the Group and the main focuses of Sustainable Finance commercial policies, then monitors their operational implementation.

At the same time, a **Sustainable Finance Infrastructure Committee** was also created in 2021 to industrialise ESG processes, data and reporting. Its mission is to meet the growing needs of customers, regulators and investors. Around the Deputy Chief Executive Officer, it brings together key contributors from different business lines and functions.

Finally, an **ESG Regulatory Committee** at Executive Management level was set up to assess the operational consequences of the main new regulations.

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.

[1] *Corporate Knights is a leading Canadian business magazine, as well as an independent investment research and advisory firm.*

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 *Quality social dialogue,* Commitment 5). Employees may use the Company's **whistleblowing system** (see *The whistleblowing system,* 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 2021, discussions focused on energy transition, biodiversity, equality, human rights and Corporate governance. BNP Paribas Asset Management supports the ESG commitments of these companies through its voting rights policy (see *Integrating ESG criteria into assets management*, Commitment 3).
- BNP Paribas regularly exchanges with its main **suppliers** primarily through business reviews, annual "Partners for Strategic Sourcing" events dedicated to the Group's key suppliers, and satisfaction surveys (SME Pact Barometer). The Group also offers them a redress procedure in case of difficulties. In France, an **internal mediator**, 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). One referral was recorded in 2021 compared to seven in 2020.
- BNP Paribas presents its CSR strategy to investors several times a year and regularly informs extra-financial analysts. Nearly 100 **different investors**, based in Europe and North America, were met at least once in 2021 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 2021, BNP Paribas had **119 different exchanges** with these NGOs throughout the world.
- 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, the Bank 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 addition, the Group continues to follow the principles of the Transparency International France Joint Declaration on Transparency in Lobbying, signed in February 2014, and its revised version of May 2019, which takes into account the provisions of the Sapin 2 law on the 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 on the corporate website[3]. A **materiality matrix** presenting the most important issues for the Group's internal and external stakeholders is also available (see *Extra-financial performance statement*, section 7.7).

[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 65 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 its 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 2021, in the context of the health crisis, BNP Paribas continued to play a crucial role in supporting customers and, in particular, companies in this crisis and enabling them to get through this period. Thus, beyond actions specifically related to the health crisis such as the granting of State-guaranteed loans (PGE), the Bank continued to finance a more sustainable and more inclusive economy, more particularly through the development of financing products including criteria linked to extra-financial performance:

- BNP Paribas is the fourth global player in the Sustainability-Linked Loans market (SLL) with EUR 23.4 billion in 2021, *i.e.* 2.5 times more than the EUR 9.4 billion in 2020;
- the Bank's worldwide support to enterprises for impact including social enterprises (in terms of financing, investments using proprietary funds and on behalf of third parties) has exceeded EUR 2.3 billion. Key achievements in this area include the launch of the 11th impact contract supported by BNP Paribas, a EUR 6 million project for the reintegration of defendants suffering from severe psychiatric disorders, by *Médecins du Monde;*
- the Group signed its first Development Impact Bond (DIB) as the sole investor of the first contract of this type sponsored by the French government. This ambitious programme for a total amount of EUR 3 million, operated by a consortium of NGOs led by CARE France over the next three years, will fight against menstrual precariousness in Ethiopia, reduce gender inequalities and fight against school drop-out for girls and absenteeism at work, and improve women's empowerment.

Thanks to the solidity of its business model, the development of its market share and the actions to support its customers, BNP Paribas has been able to increase its added value and thus redistribute it in the economy through the payment of taxes or its payroll. The bank has therefore played a positive role in the economy not only in its financing role but also as a large company embedded in its social fabric.

The Group has also developed extra-financial Risk Management tools through:

- the deployment of a tool for analysing the ESG profiles of companies (ESG Assessment) which will be used systematically in the credit granting process and extended to all customers;
- the implementation of the first climate stress tests (see *Resilience of the Group's strategy to different climate scenarios*, Commitment 3).

In addition to its role in financing the economy, BNP Paribas' financial strength supports the transition to contribute to a responsible and sustainable economy. In particular, BNP Paribas has committed to financing a net-zero emission economy by 2050. The Group is gradually aligning the various sectors of its loan portfolio with the objectives of the Paris Agreement and has made some of the most advanced commitments in the banking sector to exclude financing for the most polluting activities (coal, specialists in non-conventional hydrocarbons, *etc.*).

Lastly, BNP Paribas took part in coalitions of banks (Net Zero Banking Alliance and Financial Services Task Force) to accelerate the energy transition by defining ambitious collective objectives, such as financing a net-zero carbon economy by 2050, as well as common methods for aligning loan portfolios. BNP Paribas Cardif and BNP Paribas Asset Management took part in similar coalitions for their businesses, respectively the Net Zero Asset Owner Alliance and the Net Zero Asset Managers initiative.

COMMITMENT 1: INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT

SUPPORTING COMPANIES AND CONTINUING TO SUPPORT THEM DURING THE HEALTH CRISIS

Over several years, 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 its Domestic Markets and on the international stage.

For the past two years, the Retail Banking network has been particularly active in advising SMEs and helping them better navigate the difficult period of the Covid-19 pandemic. In addition to the implementation of more regular follow-up and the massive use of digital tools to enable its customers to stay informed while limiting travel, several major measures are being used to support companies: accelerating the processing of financing requests, developing treasury solutions, *etc.* As at 31 December 2021, the total amount of State-guaranteed loans granted by the Group in France amounted to EUR 13.8 billion for a corresponding amount of guarantees of EUR 12 billion.

SUPPORTING THE TRANSITION BY OFFERING A WIDE RANGE OF SUSTAINABLE PRODUCTS

The Group's CSR strategy has long been structured to contribute to achieving the United Nations' 17 Sustainable Development Goals (SDG). This strategy involves supporting all customers, individuals, companies and institutions, in their transition to a low-carbon economy, respectful of the planet's resources and allowing the inclusion of the most vulnerable as well as respect for human rights.

To this end, the Group continued to expand the range of products and services to support or even accelerate this transition:

- **Sustainability-Linked Loans** (SLL) allow adjustment of the loan rate according to the achievement of environmental and/or social objectives by the borrower. Having primarily targeted large corporates, SLLs are now available to companies of all sizes (they are offered in Commercial Banking networks) and in all sectors, including investment funds, such as the SLL of EUR 3.2 billion in favour of the BPEA Private Equity Fund in Asia. BNP Paribas, one of the leaders in this sector, was ranked second for Europe, Middle East and Africa (EMEA) by Dealogic at the end of 2021. In total, the Group directly underwrote EUR 23.4 billion in SLL in 2021;
- following the first issues of a **Sustainability-Linked Bond** (SLB) in 2019, BNP Paribas has rolled out this product for both corporate and sovereign clients. For example, in 2021, BNP Paribas was joint bookrunner of the bond issued by the UK government for GBP 10 billion with a term of 12 years. This issue is the largest sustainable sovereign bond issue. In 2021, BNP Paribas is the world leader in the SLB market with a total amount of sustainable bonds of EUR 5.4 billion;
- in addition, in order to offer its large corporate clients short-term investment solutions in line with the SDGs, since 2020, BNP Paribas has developed a short-term investment offering, the **Sustainable Deposit** in which amounts have more **than doubled** in one year;
- in 2021, the range of sustainable products continued to expand with **cross-currency sustainability-linked swaps** which make it possible to link the guaranteed exchange rate between the dollar and the euro to extra-financial indicators.

FEDERATING FINANCIAL INSTITUTIONS IN COALITIONS AROUND AMBITIOUS OBJECTIVES AND DEVELOPMENT OF SHARED METHODOLOGIES

In order to maximise the impact of the Group's actions for a massive and rapid transition, it is important that a large number of banks engage in this movement. It is for this reason that BNP Paribas has chosen to initiate or play a leading role in coalitions that work to promote the SDGs and the transition to a low-carbon economy.

Strong involvement in the work of the United Nations Principles for Responsible Banking

As founding signatory of the United Nations Principles for Responsible Banking (PRB) in 2019, BNP Paribas has been actively involved in the deployment of this major sustainable finance initiative. The presence of the Group Global Head of CSR, elected to the PRB's Banking Board, the participation of numerous BNP Paribas experts in the working groups set up by the initiative (financial inclusion, circular economy, biodiversity), as well as the publication of the Group's first PRB report (see also *GRI, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking and TCFD cross-reference table*, section 7.10) are proof of this involvement. BNP Paribas was also one of the first banks to sign the Commitment on Financial Health and Inclusion in December 2021.

At the end of 2021, the PRBs had 272 signatories, coming from 65 countries and representing more than 45% of global banking assets. In 2021, the initiative published several methodological guides, as well as its first report measuring the collective progress made by its signatories in terms of the implementation of its Principles. The constitution of the Civil Society Advisory Board is an important step in the governance of the PRBs: it enables an active and fruitful engagement to take place between the signatory banks and the twelve selected stakeholders (NGOs, academic and trade union representatives).

Net Zero Alliances and the Financial Service Task Force, coalitions to accelerate the alignment of financial flows with the global warming target of 1.5°C

To achieve the banking sector's ambition to align its climate commitments with the objectives of the Paris Agreement[1] and to pursue a warming target limited to 1.5°C, BNP Paribas signed the Net Zero alliances promoted at the COP 26 in Glasgow. BNP Paribas Asset Management joined the **Net Zero Asset Managers initiative** (NZAMi), BNP Paribas Cardif the **Net Zero Asset Owner Alliance** (NZAO) and the Group is one of the founding members of the **Net Zero Banking Alliance** (NZBA) launched by UN Environment in April 2021.

With almost 100 signatory banks at the end of 2021, the NZBA is a powerful tool to strengthen and accelerate banks' decarbonisation strategies. (see *Strategy* and *Systematic integration and management of environmental, social and governance risks (ESG)*, Commitment 3 and *Products and services that are widely accessible*, Commitment 7).

The NZBA is a partner of the Sustainable Market Initiative's Financial Services Task Force (FSTF), in which BNP Paribas is the sole representative of the European Union. In particular, the FSTF has drafted a methodological guide for the implementation of net zero strategies for banks, which enables banks to implement their alignment strategy and support the transformation of companies (see *Commitments specific to the environment,* section 7.1).

[1] *Press release (21/04/21): https://unfccc.int/fr/news/une-nouvelle-alliance-financiere-pour-des-emissions-nettes-zero.*

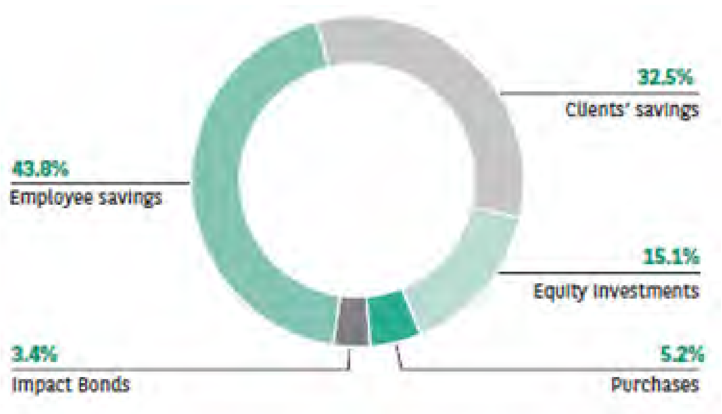
FINANCING ENTREPRENEURSHIP FOR IMPACT

Thanks to their hybrid business model, enterprises for impact, whether they are start-ups (for example, Tech for Good), NGOs, or cooperatives, aim to generate a strong positive social and/or environmental impact, while seeking economic sustainability.

A continuous progress in impact financing and investing amounts, as well as in the number of enterprises for impact supported by the Group

➤ **FINANCING ENTERPRISES FOR IMPACT: EUR 1.8 BILLION**

➤ **INVESTMENTS AND OTHER SUPPORT FOR ENTERPRISES FOR IMPACT (IN ADDITION TO FINANCING): EUR 225 MILLION**



The Group's commitment to support impact entrepreneurship reached EUR 2.35 billion

In 2021, total support for enterprises for impact, including microfinance institutions (MFIs), (in terms of financing, investments for the own account of the Group or on behalf of third parties) amounted to EUR 2.35 billion worldwide compared to EUR 2.2 billion at the end of 2020, an increase by 7%. The Bank supports over 3,150 entrerprises for impact (including MFIs and some start-ups), through banking and non-banking products and services.

The Commercial Banking networks, with more than 235 banking advisors specialised in Domestic Markets, support enterpreneurs for impact through the "**Act for Impact**" initiative. This support and the associated product offer have made it possible to finance emblematic players in sectors such as agriculture, shared housing and the fight against food waste.

Coalitions promoting the development of impact finance

The Group has regularly partnered with flagship initiatives bringing together international public and private players to advance impact finance:

- within the F4T (Finance for Tomorrow) initiative, BNP Paribas led the drafting and promotion of the Pledge for Impact Finance and is the only international banking group to sign it;
- as a partner of the Impact Task Force (ITF), the Bank contributed to its report of recommendations for the G7 governments, aimed at harmonising their impact approaches while increasing the financing volumes as well as the efficiency of private capital intended to have a social and environmental impact.

Development of the Impact Bond activity

An Impact Contract, or Impact Bond is a key tool that enables the financing of innovative projects led by NGOs or enterprises for impact. Until then, based on only a few social themes, these contracts significantly evolved in France during 2021, with an expansion of the themes to which the payment-for-results model applies, such as development issues in emerging countries, environmental challenges or circular economy. This new dynamic was boosted, *via* three calls for projects, on the themes of the circular economy (by ADEME), equal economic opportunities (by the Finance Ministry) and access to employment (by the Labour Ministry), for a total amount of circa EUR 60 million. BNP Paribas won 14 (co)-structuring mandates, thus consolidating its leading position in the structuring of Impact Bonds in France.

In 2021, BNP Paribas continued to develop Impact Bonds as an arranger and investor, on larger projects and to solve new societal challenges:

- In October, the Group signed its 11th Impact Bond: the “Alternative to incarceration for housing and intensive monitoring” programme (AiLSi), led by *Médecins du Monde*. It aims at improving the health and social recovery of approximately 200 defendants suffering from severe psychiatric disorders and homelessness. 4 ministries are committed as outcome funders to this experiment for a total amount of EUR 6 million over a period of five years. It will be considered a success if AiLSi reduces the reoffending rate of beneficiaries and if the overall cost of the pilot project is lower than the one of pre-existing programmes but with a higher impact. BNP Paribas Asset Management, *via* the BNP Paribas European Social Impact Bonds fund, has invested in this contract alongside the European Investment Fund (EIF), the Caisse des Dépôts Group and INCO.
- the Group signed its first Development Impact Bond (DIB) as the sole investor of the first contract of this type commissionned by France (through Agence Française de Développement and the French Ministry of Foreign Affairs. This ambitious programme for a total amount of EUR 3 million, operated by a consortium of NGOs led by CARE France over the next three years, will fight against menstrual precariousness in Ethiopia, reduce gender inequalities, fight against school drop-out for girls and absenteeism at work, and improve women’s empowerment.

Impact investments

In 2021, the Group invested EUR 12 million in equity in three impact funds: the 3rd Citizen Capital Partners fund, which supports the growth of impact companies in France; Afrigreen from RGreen/Echosys, whose objective is to produce affordable clean energy for SMEs in Africa; Impact Rebond by Impact Partners, to sustain jobs and local businesses in disadvantaged neighbourhoods or rural areas.

The Group has decided to allocate an amount of EUR 200 million to its proprietary impact investment enveloppe, and to strengthen its impact investment team.

DESIGNING AND PROMOTING SUSTAINABLE INVESTMENT FUNDS

BNP Paribas is a major player in sustainable finance through its various subsidiaries in asset management and distribution.

At the end of 2021, BNP Paribas Asset Management managed EUR 220 billion in assets that included ESG criteria in open-ended funds distributed in Europe and classified in article 8 or 9 categories of the Sustainable Finance Disclosure Regulation (SFDR) that entered into force in March 2021. According to this regulation, all financial entities that market financial products in the European Union that include ESG criteria must classify the products they manage or advise into three categories:

- products with a sustainable investment objective (article 9);
- products promoting environmental or social characteristics (article 8);
- non-sustainable products (article 6).

In addition, BNP Paribas Asset Management offers solutions that are recognised and audited by independent labels in Europe, representing more than EUR 132 billion in assets under management, or nearly 25% of total assets under management at 31 December 2021.

In 2021, the subsidiary consolidated a leading position in France and Belgium in terms of certified assets under management. In France, it has a total of EUR 80 billion in certified loans and ranks 2nd in medium to long-term assets under management. BNP Paribas Asset Management also ranks 1st in Belgium in terms of labelled assets under management and funds, with a total of EUR 115 billion (some of which are also labelled in France).

	Towards Sustainability	**SRI label**	**FNG**	**Finansol**	**LuxFlag**	**Greenfin**	**Total**
Diversified	30	4		4			37
Equities	49	46	6	1	1		73
Bonds	26	12	4	2		2	29
Money market	1	3					3
Real estate funds	3	1					3
TOTAL LABELLED ASSETS *(in thousands of euros)*	**114,972**	**79,825**	**10,434**	**2,317**	**343**	**1,130**	**132,455**

BNP Paribas Real Estate Investment Management (REIM) launched the first European real estate fund which aims to be in line with the Paris Agreement. This “European Impact Property Fund” (EIPF) has capital commitments of EUR 300 million from institutional investors. It aims to reduce the greenhouse gas emissions linked to its investments by 40% in ten years.

TAILORED ADVICE AND SUPPORT

Supporting female entrepreneurship

Women play a key role in economic and social development. This is why BNP Paribas has made supporting female entrepreneurship a major issue for several years. In France, ConnectHer testifies to this: this programme gives women entrepreneurs access to a network of specialist contacts. It also includes a financing package of EUR 3.3 billion in loans in 2021 as well as support tools.

In 2022, BNP Paribas will strengthen its expertise and network dedicated to women entrepreneurship. The Bank has just joined the Financial alliance For Women (FaFW) association, present in more than 135 countries. It aims to give women better access to financial tools to develop their projects. To this end, it provides numerous exchange and training tools: digital, tutoring, *etc*. The Group also supports female entrepreneurship in emerging countries (see *Products and services that are widely accessible*, Commitment 7).

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 3,800 start-ups and innovative client companies are supported in this system;
- a venture capital investment activity, coordinated by a specialised team which enabled six new investments in regional funds, bringing the total number of innovation investment funds supported by the French network to 38.

In addition, Commercial 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.

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, each individual is 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 anticorruption. It is accessible to everyone on the Group's website[1].

In 2021, the Code was enriched and updated on the following topics: the fight against corruption, the energy transition, competition law and respect for colleagues. A reference to the Group's purpose was also added.The updated Code of conduct was validated by the Group's Board of directors on 17 December 2021 and was published on 1 February 2022.

A new training course, the "Conduct Journey", mandatory for all employees, was launched in July 2021. This course, to be completed by new hires and every two years by all employees, brings together most of the Group's mandatory awareness training sessions around the Code of conduct.

The whistleblowing system

BNP Paribas has an internal whistleblowing system, which is extended to all Group entities, based on dedicated communications channels, placed under the responsibility of Ethics Alert contacts, available to internal and external users on the intranet. Every employee has the right to report ethics violations; the ethics alert policy guarantees employees exercising this right protection against the risk of retaliation for having launched an alert in good faith. Reports sent by third parties through whistleblowing channels are processed in accordance with the Group's whistleblowing rules.

Revised in 2018 to meet regulatory requirements (the Sapin 2 law, MiFID II and the law on the duty of care) and strengthen the whistle-blower's protective framework, the system is subject to continuous improvement in order to guarantee the confidentiality, management of alerts independently of business lines, and consistent processing.

A description[2] of the whistleblowing system set up by the Group is available on the BNP Paribas corporate website.

Communication actions on whistle-blowers' rights were carried out for all employees in 2019 and 2020, and supplemented in 2021 by the presentation of the system in the new "Conduct Journey" training course.

A report is presented each year to the Group Executive Committee and the Board of directors, in accordance with BNP Paribas' commitment to the fight against corruption.

The system will be strengthened in 2022, with regard to the European Directive on the protection of whistle-blowers.

The fight against corruption, money laundering and the financing of terrorism

In terms of financial security, the Group continued to develop its Anti-Money Laundering and the Financing of Terrorism (AML/CFT) system along with asset freezing through the updating of several key elements of its regulatory framework, in addition to organisational and IT developments.

BNP Paribas' system for the prevention and management of acts of corruption was further strengthened by the update[3] to the Group's global anticorruption policy in February 2021 and the implementation of a new governance structure in order to accelerate the current action plans.

Training

The mandatory training offer is structured around multi-year training courses.

In 2021, 98% of the Group's employees followed the online training on international sanctions and embargoes, and 96.6% of them took part in the anti-money laundering and terrorist financing training. 96.5% also completed the first part of the training course on the Code of conduct.

Awareness-raising on competition law will continue in 2022.

At the same time, in 2021, a new module called "Personal Data Protection Awareness" was rolled out. This made it easier for 95% of the Group's employees to understand their responsibilities in terms of data protection.

[1] *https://cdn-group.bnpparibas.com/uploads/file/220204_bnpp_compliance_codeofconduct_2022_eng.pdf.*
[2] *https://cdn-group.bnpparibas.com/uploads/file/220204_bnpp_compliance_codeofconduct_2022_eng.pdf.*
[3] *https://cdn-group.bnpparibas.com/uploads/file/summary_updated_abc_policy_legal_edits_002.pdf.*

In addition, in order to promote the protection of personal data within external teams during their assignments for BNP Paribas and third parties, a dedicated training module was created and launched in December 2021. These populations are thus informed of the standards and obligations in terms of personal data protection within the Group.

The fight against tax evasion

Compliance with all tax obligations is one of the 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 Code of Tax conduct published in 2020[1].

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, revenues, workforce and income, as well as corporate income tax paid (See *Information on locations and businesses*, chapter 8, part 6).

The Group's tax principles

The decisions taken by BNP Paribas 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 tax optimisation whatsoever: 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.

Mandatory deductions payable by BNP Paribas

Globally, the amount of taxes owed by the Group reached EUR 6.3 billion in 2021.

In France, the Group paid taxes and duties of EUR 2.8 billion during the financial year.

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] *https://group.bnpparibas/uploads/file/the_bnp_paribas_group's_code_of_tax_conduct.pdf.*

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;
- **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, LEGAL and RISK), and the General Inspection.

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 the protection of customers' interests;
- **approval procedures for new products and services** integrate Environmental, Social and governance (ESG) criteria in a supplementary way, taking into account regulatory changes as they come into force. The customer knowledge questionnaires will also be enriched to include ESG preferences as part of consulting and portfolio management;
- **the structure of the commercial teams' remuneration** is also subject to qualitative criteria aimed at discouraging transactions that are contrary to the customer's interests. For French Commercial Banking, for example, the variable compensation 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). In Belgium, part of the variable compensation of sales teams is linked to customer satisfaction;
- **supporting vulnerable customers** and, more generally, 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). Some indicative examples:
  - 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 Commercial Banking** has set up a specific offer and dedicated support for customers showing financial vulnerability,
  - in 2021, **BNP Paribas Cardif** made changes to its products and services to better meet the needs of its vulnerable customers: in France, a return-to-work programme has been incorporated into the "*Cardif Libertés Emprunteur*" insurance policy, without any impact on tariffs; while in Japan, the relaxation of borrower insurance subscription conditions is now available to people who have already had cancer;
- the Group is committed to being exemplary in the protection of customers' **personal data** (see *Supporting human rights*, Commitment 8);
- employees are **educated and trained**: in October, 96.5% of the Group's employees had already been trained and in-depth training courses are organised for employees more specifically in charge of these subjects.

Complaints management and mediation

As an indicator of areas for improvement and a means of converting a dissatisfied customer into an ambassador, the handling of customer complaints is a major issue for the Bank.

As the CIP is essentially a local operational issue, the following examples illustrate its implementation:

- in **Italy** in 2021, the number of complaints decreased by around 12%, in particular on the following subjects:
  - payment card fraud, notably through the introduction of Strong Customer Authentication,
  - requests for copies of contracts and documentation, thanks to the simplification of the collection process and the creation of a centralised point of contact for the management of these requests,
  - complaints on home loans, down by 25% after the sharp increase in 2020 due to the pandemic;
- in **Belgium**, the volumes of complaints and processing times were very stable in 2021 compared to 2020. Almost 80% of cases were processed within five working days. Complaints management processes have been adapted to better meet the requirements of the European Payment Services Directive (PSD2);
- 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. Since the digitisation of the collection of complaints in 2020, their processing has been accelerated and streamlined. In 2021, 95% of claims were processed on time;
- within **BNP Paribas Cardif**, the “Customer Committee at the Heart of Cardif” studies the files (credit protection insurance, Covid-19 risk, *etc*.) of customers for whom 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. This approach leads to improvements in management processes, customer journeys and insurance products.

Numerous Group entities, such as BNP Paribas Personal Finance, BNP Paribas Cardif, the commercial banking networks in France, Belgium, Italy, Morocco, Senegal, Ivory Coast, Ukraine and Poland, **offer the services of independent mediators** that customers can call upon. In France, Italy and Belgium, customers turn to the national mediation service organised by the regulatory bodies.

Transparency and accessibility 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.

BNP Paribas Polska is the first financial institution in Poland to receive the **OK SENIOR® certificate** awarded by the National Institute of Silver Economy for the second time, which certifies that senior customers (aged 60 and over) are served according to the following principles: safety standards are the highest; advisers check that customers can hear them, that the standards are understandable, that they meet the real needs of customers by protecting them from any abuse; agencies are very accessible.

BNP Paribas Cardif is continuing its policy of improving access to insurance by **simplifying its products and all its documents** and commercial mail and using a **simple and easy-to-understand 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. BNP Paribas Cardif also continues to simplify the loan insurance subscription process. In France, the digital processes have enabled more than 500,000 BNP Paribas customers (since 2017) to complete their medical formalities online. Through this system, more than 80% of customers obtain an immediate agreement. In less than ten minutes, the user completes a personalised medical questionnaire and can subscribe to borrower insurance.

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 2021, average customer satisfaction scores remained stable overall in the following Domestic Markets, despite a persistent health crisis:

- French Commercial Banking: 7.57/10 (7.59 in 2020);
- BNP Paribas BGL: 7.2/10 (7.0 in 2020);
- BNP Paribas Fortis: 7.4/10 (7.5 in 2020).

The “Advocacy” programme

Since 2017, the Group has fully deployed the “Advocacy” programme, which allows it to listen to the voices of customers and employees throughout the relationship with them and improve their experience. This programme makes it possible to **better understand customer expectations and perceptions**, in order to guide the Group’s decisions at all levels (strategy, offering, distribution, customer experience, *etc*.).

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 division, the Net Promoter System covers all Domestic Markets, IRB and all the business lines and countries of the IFS 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.

Main achievements and developments in 2021:

- at the end of December each year, each entity knows its NPS positioning compared to its competitors for all its business lines;
- Advocacy is now operational in France, Belgium, Italy, Luxembourg and Germany, in all IRB countries for all customer segments. In 2021, in the four Domestic Markets (France, Belgium, Italy and Luxembourg), five million surveys (by e-mail) were sent to customers to collect their feedback, with a return rate of 14%. In addition, nearly 845,000 feedback items were collected *via* live surveys on digital channels (pop-in, pop-up);
- BNL banca commerciale (bc) and French Commercial Banking have made significant progress since 2017 (respectively +9 points and +16 points);
- BNL BNP Paribas Private Banking became the leader among private banks in Italy in 2021 (+19 points in one year), and BNP Paribas Fortis Wealth Management confirmed for the 2nd consecutive year its leading position among private banks in Belgium;
- all IRB countries have strengthened their complaints management system. Customer Boards have been introduced in Poland, the United States and Turkey;
- at BNP Paribas Personal Finance, 90% of countries have implemented and automated the NPS and Customer Advocacy processes;
- the process of continuous improvement is in place for certain priority customer journeys, such as entering into a relationship and taking out home loans. The roll-out will continue in 2022 on other customer journeys;
- BNP Paribas Cardif has rolled out transactional surveys in 30 countries (and two countries are being rolled out). Some 90% of the countries reached the Advanced/Best Practice level of programme deployment and the service culture was integrated into the Advocacy programme in January 2021.

ETHICS AT THE HEART OF SUPPLIER RELATIONS

In 2021, 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 small and medium-size suppliers 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,* section 7.1).

In France, under its Diversity & Inclusion policy, the Group has taken multiple actions to develop its business relations with suppliers from suppliers working with vulnerable and disabled employees (STPA). The Company agreement on the professional integration of people with disabilities, signed by BNP Paribas and all its trade unions for a period of three years (2020-2022) and approved by the French Labour Ministry, includes the objective of reaching EUR 1.8 million (pre-tax value) of business with STPA suppliers by 2022, for the BNP Paribas SA entity in France. This commitment to diversity in procurement is gradually being extended to the entire social entrepreneurship sector.

In addition, the economic solidarity measures undertaken in 2020 to respond to the health crisis are perpetuated in the systems in force, in particular to speed up the payment of bills.

In April 2021, the Group obtained the recognition of its Responsible Procurement approach by obtaining the “Responsible Supplier Relations and Purchasing” label for the scope of BNP Paribas SA in France.

COMMITMENT 3: SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG)

A COMPREHENSIVE ESG RISK MANAGEMENT APPROACH

Since 2011, BNP Paribas has gradually deepened and broadened its framework to manage the ESG risks that may affect its activities.

Initially focused on the most sensitive sectors from an ESG point of view (with the development of sectoral policies), the framework is now becoming more exhaustive as it will gradually cover all the sectors of the economy in which we have customers. At the same time, sectoral policies[1] are regularly adapted to better take into account the new challenges of the sectors covered by increasing the level of ambition.

Strengthening of ESG financing and investment criteria

Following the announcement in 2020 of a strategy for a full 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 conducted a comprehensive analysis of its customer portfolio in the electricity generation sector. Sector policies covering the mining and dedicated infrastructure sectors were also reviewed. At the end of 2021, the activity restriction list included 65 customers, in particular because they continue to plan new coal-fired capacity and/or do not have an exit strategy in line with BNP Paribas' objectives.

In 2017, 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, this commitment was extended to two geographical areas, with the exclusion of financing and investments in oil and gas projects located in a particularly sensitive area not previously covered (the Arctic National Wildlife Refuge - ANWR) as well as exports of oil by sea from the Esmeraldas region in Ecuador for its trading activities. BNP Paribas has also committed to reducing its credit exposure to oil and gas exploration and production activities by 12% between 2020 and 2025. This commitment will be completed by targets for reducing greenhouse gas emissions across the entire oil and gas value chain in early 2022.

At the same time, in 2020, BNP Paribas strengthened its commitment to combating deforestation through its agricultural policy (see *Contributing to protecting biodiversity*, Commitment 10). In 2021, the analysis of the portfolio of meat producers, packers and traders was carried out in order to assess their progress and initiate a dialogue. In addition, this policy now includes criteria related to the improvement of animal welfare, particularly in chicken farms.

Expanding the ESG analysis of corporate customers with a new risk assessment tool: the ESG Assessment

BNP Paribas takes ESG criteria into account in its decision-making processes. ESG criteria are integrated into the Know Your Client (KYC) and in 22 credit and rating policies.

In addition to the current ESG risk assessment tools (sectoral policies, CSR screening, specific credit policies, questionnaires related to the duty of care law), a new ESG assessment framework has been deployed since June 2021: ESG Assessment. It makes it possible to identify, assess and monitor the performance and ESG risks of corporate clients by sector with a common approach within the Group for a given customer segment.

Overall, the assessment aims to perform a systematic ESG analysis as part of the credit process, one of the foundations of the banking activity, thus integrating ESG criteria with the other criteria included in the assessment of the counterparty's credit profile.

The ESG Assessment covers the environmental (climate and biodiversity), social (health, safety and impact on communities) and governance (business ethics) dimensions through a set of questions, supplemented by an analysis of the controversies affecting the client. The questionnaires developed in this context are specific to each sector in order to better integrate the challenges and issues specific to their activities.

This tool will assess clients' compliance with sectoral policies, as well as the maturity of their ESG strategy and its implementation.

The deployment of ESG Assessment, included in the credit files for all business sectors and business groups, will enable the RISK Function to exercise greater control over the ESG dimensions during credit committees, on a documented basis. Currently designed for large companies, this framework will be gradually adapted and extended to different customer segments.

[1] *These financing and investment policies are available on the BNP Paribas website: https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies.*

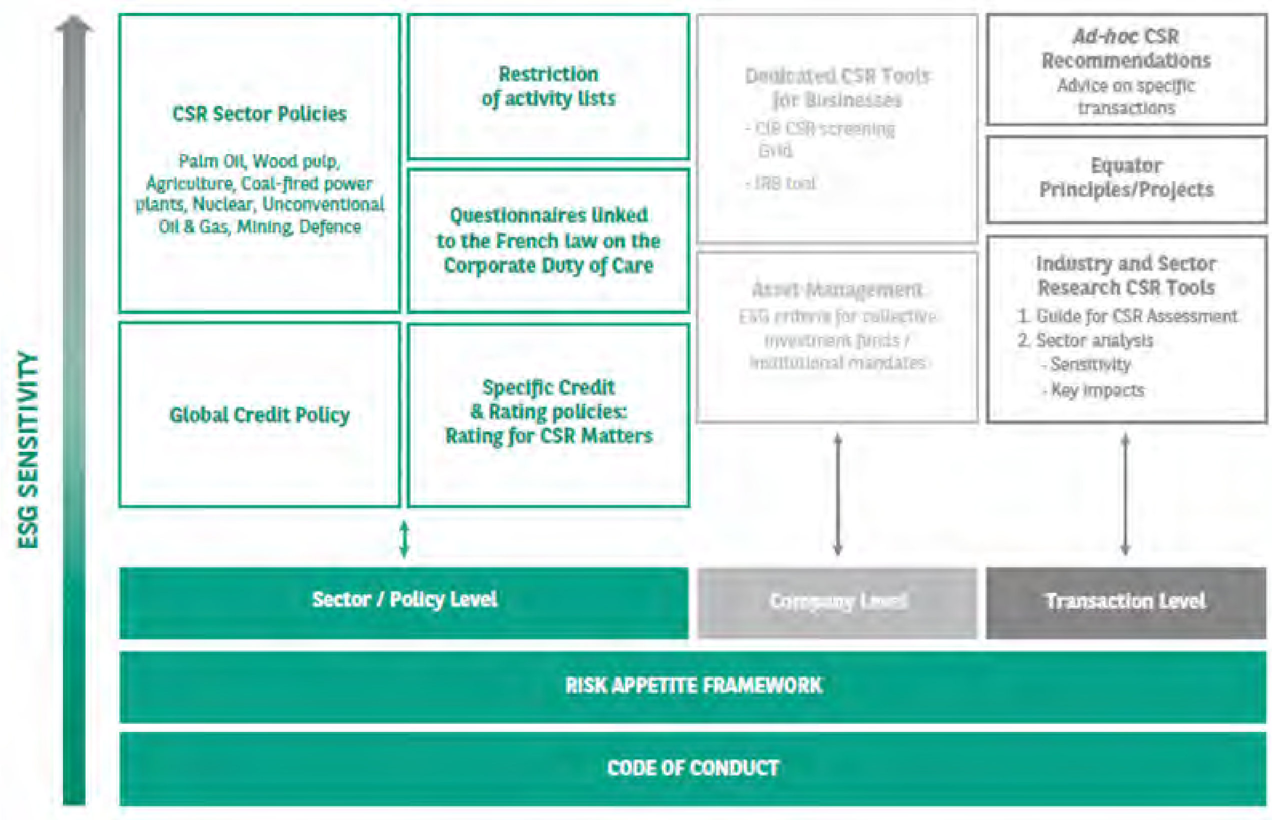
An adapted training programme

In 2021, BNP Paribas considerably enhanced its ESG training offering. It now covers a broad spectrum ranging from general awareness-raising on the major ESG issues related to the energy transition, the protection of biodiversity and respect for human rights, to expert training on ESG risk management setups and the offer of sustainable finance products and services.

In 2021, emphasis was placed on training the Bank's two lines of defence in terms of ESG risk management: the Risk Officers & Senior Credit Officers who, in second line, are responsible for analysing files as part of the credit process.

In 2021, more than 70,000 sustainable development training courses were carried out by more than 40,000 employees (see *Employees, the Group's best sustainable development ambassadors*, Commitment 12).

The overall ESG Risk Management system is therefore evolving and can be represented as follows:



Upholding the Equator Principles on project financing

As a signatory to the Equator Principles along with 120 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.

	2017	2018	2019	2020	2021
Number of transactions concerned in the year	8	17	8	8	17
Number of grade A transactions in the year	1	3	2	2	3
Number of grade B transactions in the year	7	14	6	6	13
Number of grade C transactions in the year	0	0	0	0	1

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 modelling 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.

Through their traditional regulatory and internal stress tests, banks have the necessary tools and expertise to measure the consequences of a crisis scenario on an institution's solvency and liquidity situation. They estimate its ability to finance the economy during the shock. Gradually, this scenario analysis system is enriched for use in analysing the consequences of global warming and the energy transition on asset portfolios. They will make it possible to deal with longer horizons, differentiated scenarios according to a detailed sectoral segmentation and to take into account specific factors such as the cost of carbon emissions, technological innovation and physical risks in the long term.

Improvements to the scenario analysis system in 2021 include the ability to generate longer time horizons and deepen sector analysis to better differentiate assets according to climate scenarios.

BNP Paribas took part in the pilot exercises proposed by the ACPR for France and the EBA at European level and is now preparing the European stress test conducted by the ECB. Launched in early 2022, this climate stress test will assess the ability to run large-scale sector scenarios for the transition and physical risk, in addition to the test performed on the calculation at finer granularities for real estate (*i.e.* at asset level). BNP Paribas will integrate climate scenarios into its internal risk assessment system in the first half of 2022.

Managing physical risk

In order to contribute to the development of common methodologies and the provision of data on physical risk, BNP Paribas is one of the founding members of the Open Source Climate Risk (OS-Climate) initiative. This non-profit organisation aims to accelerate developments in the measurement of climate risks by setting up an "open source" framework bringing together scientists and industry.

The Group also continues to test the impact of physical risk on its loan portfolio. While in 2020, the Group tested an approach to physical risk through a rating system, the 2021 objective was to analyse the economic impacts of physical risk on a sample of corporate credit exposures and residential real estate loans. The result is used to deduce the financial impacts, such as the potential fall in property prices or the consequences on the financial situation of a company according to the RCP2.6 and RCP8.5 scenarios.

The range of climate risks modelled includes coastal, river and surface water flooding, ground instabilities due to freeze/thaw, extreme heat and wind, and forest fires. Concerning companies, the study analyses a wide range of industrial companies. The analysis of the residential real estate loan portfolio targets a sample in France, Belgium and the United States.

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 (see *Ethics at the heart of the supplier relationship*, Commitment 2). Within its scope 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;
- the system was supplemented in 2020 and 2021 by conducting on-site CSR audits with four suppliers in two different purchasing categories, as part of an approach shared with three other banks and a third-party assessor. This exercise led to the emergence of action plans as part of a sectoral progress approach.

3,705 ESG assessments were completed in 2021 (compared with 2,301 in 2020) and nearly 1,433 Responsible Procurement Charters were signed by Group suppliers (compared with 900 in 2020).

Integrating ESG criteria into asset management

BNP Paribas Asset Management and BNP Paribas Cardif implement their ESG strategy, which includes, among other things, the application of the Group's sector policies. Thus:

- the Global Sustainability Strategy at BNP Paribas Asset Management, launched in 2019, details the way in which ESG issues are deployed in investment strategies. It is based on the exclusion of certain sectors, commitment and dialogue (stewardship) as well as responsible business conduct and a long-term perspective;
- in 2021, 95% of Cardif Assurance Vie's general assets in euros were subject to an ESG analysis.

In order to promote best ESG practices within the companies in which the asset management company and its clients have invested, BNP Paribas Asset Management systematically exercises its voting rights as a shareholder, voting this year at 2,098 Annual General Meetings (1,870 in 2020) on 28,276 resolutions (24,400 in 2020). BNP Paribas Asset Management abstained or opposed about 33% of these resolutions.

In 2021, BNP Paribas Asset Management supported 89% of shareholder proposals on climate change and submitted two shareholder resolutions on the alignment of climate lobbying with the objectives of the Paris Agreement at the Annual General Meetings of Exxon Mobil and Delta Airlines, which obtained respectively 64% and 63% of support.

In line with its strategy on climate change, BNP Paribas Asset Management incorporates in its voting policy opposition to the approval of the financial statements, the discharge or the re-election of directors of companies that do not sufficiently communicate on their CO_2 emissions and 1.5°C strategy. In 2021, BNP Paribas Asset Management objected to 969 resolutions proposed by companies due to these environmental or social considerations.

BNP Paribas Asset Management and Cardif are members of the Climate Action 100+ Initiative and, as such, regularly engage in dialogue with firms ranked among the world's top greenhouse gas emitters to improve their climate change governance and strategy. Iberdrola's decision in 2021 to submit its climate strategy to a shareholder vote (a say-on-climate) in line with its commitment to become carbon neutral by 2050 marks the culmination of a constructive collaboration between Iberdrola and the Climate Action 100+ coalition through a dialogue led by BNP Paribas Asset Management.

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[1] while managing restriction of activity lists according to the level of ESG risks observed. Following their update in 2021, these lists included 1,480 companies, of which 1,297 companies under restrictions and 183 under monitoring. Companies placed on the monitoring list are subject to an engagement by the Group to make lasting changes to their practices and reduce their ESG risks. For companies subject to restrictions, the Group may either prohibit any financing or investment relationship, or implement a specific framework. Lastly, BNP Paribas has compiled an exclusion list of specific goods and activities that the Group is unwilling to finance, such as tobacco. These lists are periodically updated using data supplied by clients 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 2021, the Group's CSR teams were asked to give an expert opinion in the assessment of ESG risks for close to 3,173 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 setups 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.

ALIGNMENT OF THE LOAN PORTFOLIO WITH THE NET ZERO IN 2050 OBJECTIVE

Partnerships and loan portfolio measurement and alignment methodologies

- In 2019, BNP Paribas first committed to implementing the PACTA[2] methodology alongside four other international banks and to measure the alignment of its loan portfolio with five high-carbon sectors (fossil fuel extraction, electricity production, transport, steel and cement).
- In 2020, by signing the Collective Commitment to Climate Action (CCCA) under the aegis of the UNEP FI, the Group chose to share the tools to align the activities of banks with the objectives of the Paris Agreement with more banks.
- By joining the Net Zero Banking Alliance (see *Strategy* and *Investments and financing with a positive impact*, Commitment 1), BNP Paribas is committed to extending the scope of the alignment target to a greater number of sectors (agriculture, real estate, heavy industries) and to a higher ambition: to finance a carbon-neutral world by 2050, which corresponds to a limited increase in temperature of 1.5°C compared to the pre-industrial era. The commitments made under the CCCA are now fully reflected in those of the NZBA.

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 cross-reference table (see *GRI, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking and TCFD cross-reference table*, section 7.10) and grouped together in a dedicated report[3];

[1] *Available online: https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies.*
[2] *Paris Agreement Capital Transition Assessment.*
[3] *https://cdn-group.bnpparibas.com/uploads/file/tcfd_2020_bnpparibas_fr.pdf.*

- 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;
- has undertaken to publish its financed emissions (scope 3) by the end of 2022.

In order to align its portfolio with its climate objectives, BNP Paribas has chosen a sector-based analysis that uses indicators and scenarios specific to each sector.

This alignment strategy also creates business opportunities, as it allows BNP Paribas to establish an in-depth dialogue with its customers and better understand their transition plans. This makes it possible to improve the Group's portfolio vision and to support and finance its customers in their efforts to transition to sustainable business models.

Electricity: a loan portfolio aligned with the objectives of the Paris Agreement

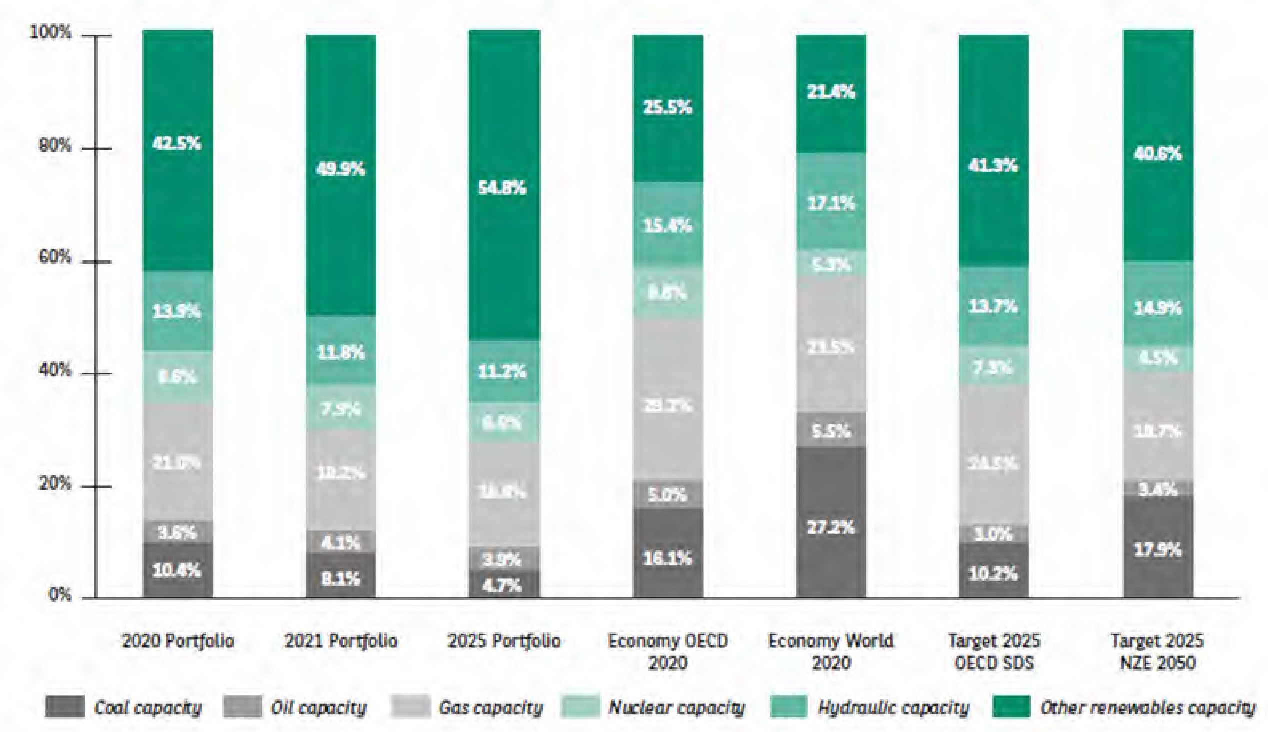
Using PACTA methodology application to banking portfolios, two indicators have been calculated to measure the alignment of the loan portfolio of companies in the electricity sector with BNP Paribas net zero targets. These calculations provide a view of the portfolio at the end of 2021 and a projection for the year 2025.

In line with its commitment to align its activities with a net zero trajectory in 2050, BNP Paribas has chosen to use the International Energy Agency's (NZE) Net Zero scenario as a reference. The choice of this scenario, which is very close to the Sustainable Development scenario (SDS of the IEA) previously used, makes it possible to compare the trajectory of the Group's loan portfolio with the objective of a net zero world in 2050.

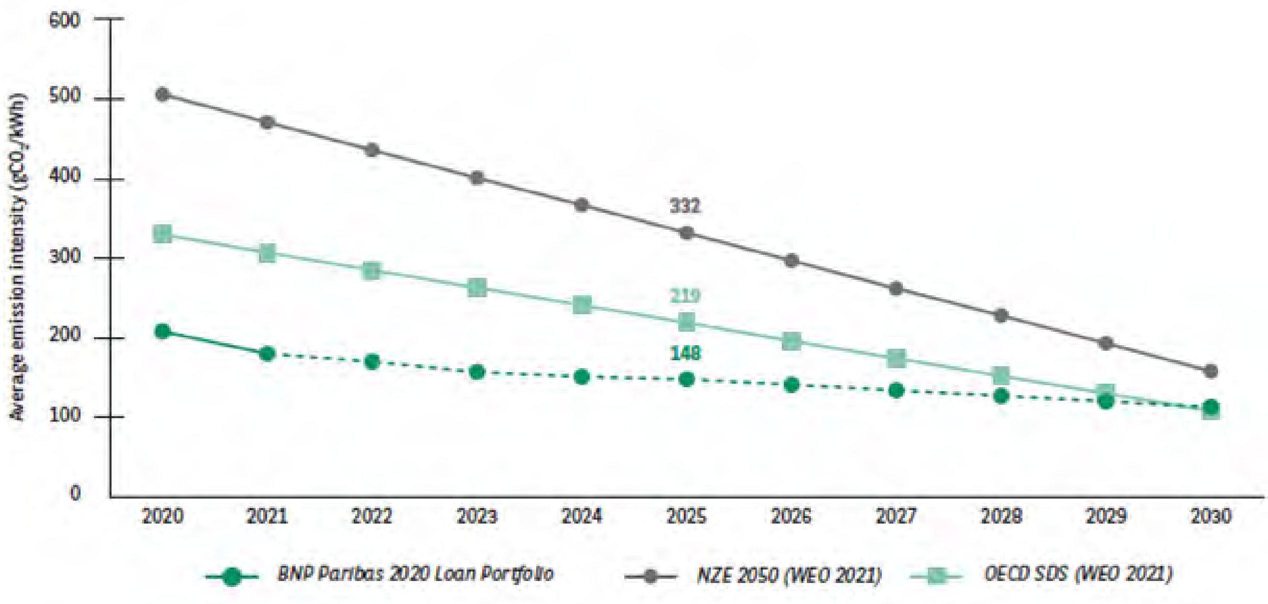
The projection made takes into account:

- in general, the strategy adopted by customers to modify their sources of electricity production;
- 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 is calculated in capacity, according to the PACTA methodology. It is extremely representative of the Group's customer base as 98% of outstandings for electricity producer customers are taken into account in this calculation. The mix shows a less carbon-intensive loan portfolio, that is more oriented towards renewable energies both in 2021 and by 2025 when compared to the IEA's NZE 2050 and OECD SDS scenarios.



The intensity of direct CO_2 emissions of the portfolio is below the global average and is in line with the IEA NZE 2050 and OECD SDS scenarios by 2025.



The portfolio's emission intensity is calculated this year using scope 1 emission factors. Using last year's life cycle emission factors by technology, the intensity is 176 gCO_2e/kWh by 2025 and an improvement of 15% compared to the same projection made using last year's portfolio (projected in 2025, it will be 148 gCO_2/kWh).

It is also lower than the global average and is in line with the IEA's OECD SDS and NZE 2050 scenarios.

The fossil fuel extraction sector

The extraction sector is a key player in the decarbonisation of the economy: it is the first link, being at the same time essential to the economy (it allows the proper functioning of the transport, electricity and other sectors such as chemicals) and the source of future emissions. To better understand the transformation dynamic in this sector, each year, BNP Paribas calculates a primary energy mix comparing the percentage of coal, oil and gas financed to the IEA's global mix. In 2021, the share of coal in this mix is less than 1%, considerably lower than the global average.

To supplement the monitoring of this sector, BNP Paribas has undertaken to reduce its credit exposure to oil and gas exploration and production activities (see *Strengthening of ESG financing and investment criteria*, Commitment 3) by 12% by 2025 compared to the financing at end 2020. This target, initially set at -10% over the same period, was revised in 2021 to be in line with the IEA's NZE scenario. At the end of 2021, according to this indicator, its exposure was reduced by 6% since the end of 2020.

This analysis will be supplemented by additional indicators based on emission intensities in 2022.

Maritime transport: a first measurement of the portfolio's carbon intensity

In 2021, BNP Paribas participated in the update of the measurement of the carbon intensity of the portfolio in the maritime transport sector according 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. At 31 December 2020, the alignment score of the BNP Paribas loan portfolio in terms of carbon intensity was therefore 7.5% above the alignment score (compared to 2.88% at 31 December 2019). This deterioration is due to an adjustment of the methodology in connection with the fourth IMO study on greenhouse gas emissions, and the exceptional impact of the Covid-19 crisis. BNP Paribas continues to be involved in the analysis and management of CO_2 intensities of its shipping finance portfolios, thanks to this common methodology.

In order to provide a more complete picture of its progress in aligning its loan portfolio with its climate targets, the Group will publish its first alignment report in 2022 which will cover the energy and automotive sectors.

[1] *www.poseidonprinciples.org*

7.3 Our social responsibility: promote the development and the engagement of our employees[1]

In a global context still very much affected by the health crisis, 2021 marks a turning point. Thanks to new ambitious measures, the Group continues to take care of people and offers its employees new ways of working that promote cooperation and interactions. This recovery and this projection towards the future are supported by a collective push, a common desire to move forward, shared by all spheres of the company, around the 2022-2025 strategic plan as communicated in February 2022. The Group continues to implement its policies to meet the challenges of a responsible, sustainable bank through its three commitments:

- **Commitment 4:** promotion of diversity, equality 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.

2021 was marked by new tangible contributions to promote diversity, equality and inclusion:

- the Group is taking part in pioneering initiatives to ensure the inclusion of all employees, in particular a pilot on diversity of social and ethnocultural origins, and a survey on everyday sexism in the workplace;
- it has set itself ambitious objectives in terms of professional equality, in particular to ensure the number of women in governing bodies;
- the scores of the Pulse survey on “Conduct” and “Diversity and Inclusion” conducted among Group employees confirm that these actions are perceived as motivating and engaging.

Concern for the health and well-being of employees has been strengthened due to the health situation and the HR transformation to guarantee a “good place to work”:

- the Group has taken measures to obtain a high level of individual and collective protection, which have gradually been enhanced with vaccination campaigns against Covid-19 offered in several countries;
- the Group has introduced new ways of working, such as the development of remote working which has become the ‘standard’ and is a part of the “smart working” programme. This makes it possible to promote both a better work-life balance and greater autonomy for employees in accomplishing missions. These are supplemented by the organisation of work around a unifying team project.

COMMITMENT 4: PROMOTION OF DIVERSITY, EQUALITY AND INCLUSION

The very positive scores obtained in the Pulse survey on “Conduct” and “Diversity and Inclusion” in November 2021 confirm employee motivation to the actions carried out across the Group. The Group is also broadening its governance framework to combat inappropriate behaviour towards other people. These policies reflect the Group’s commitment to the United Nations Sustainable Development Goals 5, 8, 10, 16 and 17.

A SOLID FRAMEWORK, A MULTI-ACTOR COMMITMENT

Effective and cross-functional Diversity & Inclusion governance with a constant commitment by Executive Management

The Global Diversity and Inclusion Committee is made up of **40 members**. It meets twice a year and is rolled out at the country and business level. During these meetings, the participants focus on two main objectives: sharing information and best practices and co-constructing on key issues. The Group Head of Diversity, Equality and Inclusion reports to the Group Head of Human Resources and is a **member of the HR Executive Committee** and **Executive 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 in the support of gender equality in the business lines[2] and the greater representation of women on governing bodies, as well as the inclusion of LGBT+ people.

[1] *All information published in this chapter refers to the calendar year between 1 January 2021 and 31 December 2021. 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 (hereinafter “HR“) from entities in 62 countries contribute (the “Social Reporting Entities”). This represents 93% of Full-Time Equivalent workforce (FTEs) managed by the Group at 31 December 2021, hereinafter referred to as the “Social Reporting Workforce”.*

[2] *Illustration relating to the partnership with UN Women as part of the #HeForShe programme: https://www.linkedin.com/posts/bnp-paribas_heforshe-agrifed-activity-6813509417749884928-7kK2/*

Numerous and active employee networks

Internal employee networks/resource groups continue to grow, develop synergies and strengthen their key role in promoting diversity and inclusion, raising awareness, acting as a source of information and a channel for innovation. In 2021, over **50,000 employees from 31 countries** came together to talk about topics as varied as professional equality, sexual orientation, inter-generational harmony, parenting, ethnocultural origins, disability, inter-faith dialogue and veterans. The web of networks continues to expand. For example, Women in Cyber focuses on gender equality in new technologies and is present in the United Kingdom, India, Porugal and France.

A constantly evolving, increasingly inclusive framework around the world

Since the signature of the first Diversity Agreement within BNP Paribas SA in 2004, the mechanisms have been enhanced with each renegotiation to cover all stages of employees' career paths.

Entering 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 by the end of 2022. In terms of parenthood, it gives employees the right to paid parental leave (30 calendar days) 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 included.

The subsidiaries in France take the same proactive approach to defining initiatives to promote diversity as part of social dialogue. Agreements have been signed on Diversity or some of its themes: professional gender equality, integration and retention in employment of employees with disabilities, employment of seniors, and the situation of employees holding employee representative office(s) in the context of negotiations on trade union rights. This negotiated approach is periodically renewed in order to track progress, as well as updating and setting new quantified targets.

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 BNP Paribas Fundamental Rights and Global Social Foundation Agreement ("Global Agreement") signed with UNI Global in September 2018 incorporated the elements of this policy, in particular recruitment, training, gender diversity and career paths.

These agreements are supplemented by the signing of commitment charters such as the United Nations Women's Empowerment Principles (WEP) (2011), the charter of the International Labour Organization and Disability Network (2016) and #JamaisSansElles (2019).

PROMOTING AN INCLUSIVE CULTURE

Training, developing and mentoring

59 countries (out of 62 countries in the Social Reporting) representing almost all of the Social Reporting Workforce, state that they offer training and awareness-raising initiatives to combat discrimination and promote diversity and inclusion. Some countries and entities systematically include diversity awareness modules in their **manager** training, for example, in Portugal or at BCEF, CIB Brazil or Cardif.

In addition, several inclusive personal development and leadership programmes, such as "**Active Inclusion**", "**#WomengotTalent**", "**Women in Business**", "**Women's Impact Program**" (Germany), "**Boost Her Career**" (BCEF), **RISE** (United Kingdom), "**Leadership for women**" (Switzerland and Canada) and "**She leads**" (Portugal), which focus on women's professional path.

Communicating and raising awareness among employees and managers

To respond to the health situation and new ways of working, the Diversity and Inclusion teams have made every effort to digitise the training and awareness modules to reach a large audience. As in 2020, the campaigns were 100% **digital**, with a range of podcasts, conferences, workshops, round tables and remote events. They reach more and more employees, notably thanks to replays around the world.

The many events organised by the local HR teams and employee networks brought together more than 17,000 employees connected worldwide (United Kingdom, Germany, United States, APAC, France, Belgium, Italy, *etc*.). The series of "In My Shoes" podcasts was enriched by three episodes this year and now has more than 16,000 listeners.

The Pulse survey on Diversity and Inclusion

A Pulse survey was conducted in October among all Group employees to gather their perception of the application of the Diversity and Inclusion policy, measure our progress and identify areas for improvement in order to initiate tangible actions.

For this first edition, nearly **80,000 employees** across the business lines and regions responded and 26,000 *verbatim* reports were collected.

The overall score is very positive (84%) and reflects employee buy-in to the Group's actions. Two elements show how Diversity and Inclusion are now both well established, and **unquestionably part of everyone's business**:

- **86%** had a positive response on "being able to be yourself at work without worrying about how you will be accepted";
- **87%** had a positive response on the personal involvement of employees in contributing to Diversity and Inclusion initiatives.

The survey will be repeated in two years.

OUTSTANDING ACTIONS IN THE AREA OF PROFESSIONAL EQUALITY

Greater representation of women on governing bodies

As announced at the publication of its 2020 full year results, on 5 February 2021, the Group wanted to adapt its organisation and make changes in its management team, while continuing to increase the representation of women on its governing bodies[1]. These provisions took effect the day after the Group's Annual General Meeting on 19 May 2021.

The Board of directors approved the gender equality target of 40% on the Group's Executive Committee by 2025 based on the implementation of methods and action plans presented by the Executive Management. **The Executive Management will annually inform the Board of directors of** the results obtained.

This new organisation has resulted in several appointments to the Group Executive Committee, including three additional women, bringing **the proportion of women on the Executive Committee** to **one-third, whereas this body was** exclusively male in 2011.

Proportion of women	**2020**	**2021**	**2025 Objectives**
Board of directors	6 women out of 14 members, including 1 elected by the employees (41.7% according to the rules of the Copé-Zimmermann Law)(1)	7 women out of 15 members, including 1 elected by the employees and 1 representing employee shareholders appointed by the Annual General Meeting (41.7% according to the rules of the Copé-Zimmermann Law)(1)	
Executive Committee	16% (3/19)	32% (6/19)	40%
G100 (100 top executives)	29%	34%	40%
Leadership for Change (Top 500)	27%	32%	40%
Senior Management Position(2)	31%	32%	40%
Talents – Leaders for Tomorrow	46% overall	48% overall	
Top	39%	42%	50%
Advanced	42%	45%	50%
Emerging	50%	52%	50%

(1) This ratio is calculated by excluding the two directors representing employees and, as from 2021, the director representing employee shareholders.
(2) The Group's Senior Management Position (SMP) population is composed of employees holding approximately 3,000 positions considered to have the most significant impact from a strategic, commercial, functional and expertise point of view. This rate is calculated based on the number of women holding SMP positions as a proportion of the total number of SMP positions filled at 31 December 2021 (based on 100% of the Group's workforce on permanent contracts).

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**" in order to increase the proportion of women in senior management: 30% of women at the end of 2023 at CIB, and 50% by 30 September 2022 at Personal Finance.

[1] *This information complies with the requirements of article L.22-10-10-2 of the French Commercial Code (Code de commerce) 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/*

Similarly, the Group has **32 women in management positions in the Group's strategic businesses** (G100) such as **Commercial & Personal Banking in France, BNL, Cardif, Personal Finance** (also members of 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 **HR, Compliance** and **CSR**.

Driven by the positive results of HeForShe, the Group joined the Generation Equality Forum

The HeForShe programme was **successfully closed** in May 2021 during the International Change Now Summit. BNP Paribas has contributed to the HeForShe Proven Solution report, the largest collection of gender equality solutions.

In order to accelerate this movement towards gender balance at all levels in society, BNP Paribas is continuing and expanding its actions by partnering with the **Generation Equality Forum**, the global assembly for gender equality, organised by UN Women.

By becoming a member of two major coalitions, the Group is committed to taking part in a series of tangible actions. These will make immediate progress on **"Gender-based violence"** (see paragraph *Results for 2021 - Our employees*, Duty of care) and **"Technologies and Innovation for gender equality"** (see paragraph *Professional equality* below).

Professional equality: developing and spotlighting women's professional paths

In a context of permanent change, it is essential to ensure fair employability between male and female employees. For this, the Group has chosen **to anticipate and identify their needs in terms of skills** (Strategic Workforce Planning exercise), in order to offer employees adapted pathways (upskilling or reskilling), in particular towards the roles of tomorrow.

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 the **5 Daring Circles** discussion and action circles bringing together different stakeholders. The Group is particularly involved in circles dedicated to the roles of women in **artificial intelligence and Science, Technology, Engineering and Mathematics** (STEM). By signing the Women & AI Forum in 2020, BNP Paribas is committed to preventing the risks of bias in algorithms and to developing AI for the advancement of women in society. **Several initiatives have been launched, particularly in terms of awareness-raising, governance and training.**

For the IT sector, the ambition is clear: **an additional 1,000 women by the end of 2024**, **from 32% to 37%** of women in this field, which will strengthen the Group's lead compared to other companies in the sector.

In France, the **Digital Ladies & Allies** initiative of BNP Paribas organises **intergenerational** "Women & Girls In Tech" events to encourage female employees and young women around them to discover digital jobs.

A pioneer among CAC 40 companies and the financial sector by signing the #JamaisSansElles charter in 2019, BNP Paribas continues to reinforce its mobilisation. Now over 490 signatories (of which 75% are men) from management bodies in 22 countries voluntarily undertake not to participate in forums, round tables, panels open to the public or juries with at least three speakers that do not include the presence of at least one woman.

Better preventing and fighting against all forms of violence

BNP Paribas has been a member of **OneInThreeWomen**, a European network of companies committed to combating violence against women, since 2018, and joined the network's Executive Committee on 1 January 2021. The network has strengthened its awareness-raising mechanism (e-learning, podcasts, *etc*.). 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.

In France, in 2018, BNP Paribas joined the **#StOpE** (Stop everyday sexism in the workplace) initiative by signing an undertaking comprising eight principles. This collective now includes 151 member organisations.

The **fight against sexism** is the subject of numerous initiatives within the Group: an awareness-raising e-learning course entitled "Preventing and combating everyday sexism in the workplace", available to all Group employees. In addition, in France, BNP Paribas took part, alongside 16 other member organisations of #StOpE, in a survey on everyday sexism in the workplace. **12,000 employees** based in France replied to it. This survey was a wake-up call, encouraging people to speak up and helping raise awareness on the subject. The entities have strengthened or implemented corrective actions.

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, the 9th Parenthood Week was organised digitally, followed live and in replay by nearly **3,800 employees**.

Many schemes also exist internationally to support parenthood, such as in Germany and Poland or at BNP Paribas Fortis in Belgium, *etc.* For example, BNL in Italy has set up the interactive training programme “Lifeed”, which aims to use parenting skills in professional life.

As a result, nearly 80% of the Social Reporting Workforce receive employee childcare support, either in the form of financial assistance or in the form of childcare facilities. In addition, more than 2/3 of Social Reporting Entities which cover 40 countries, grant rights for parental leave to couples who adopt and to same-sex couples in a similar way to maternity and paternity leave. Over 2/3 of the Social Reporting Entities covering 43 countries encourage their employees to take their paternity leave (second parent) through communication and awareness-raising actions.

CONSTANT PROGRESS, PIONEERING INITIATIVES FOR GREATER DIVERSITY

Promoting the employment and insertion of people with disabilities

➤ **NUMBER OF EMPLOYEES RECOGNISED AS HAVING A DISABILITY(1)**

	Employees with disabilities(2)			of which Hires		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
France	2,210	2,733(3)	2,804(4)	91	49	73
Belgium	74	61	N/A(5)	3	0	N/A
Italy	905	833	829	14	29	21
Luxembourg	8	12	11	0	0	0
Europe (excluding Domestic Markets)	854	906	933	112	83	71
Rest of the world	186	247	274	90	76	75
TOTAL	**4,237**	**4,792**	**4,851(6)**	**310**	**237**	**240**

(1) Physical workforce taking into account 93% of the Group’s workforce (reporting scope down compared to 2020).
(2) Permanent + fixed term + temporary contracts + apprentices + interns.
(3) The definitive results known in June 2021 for France amount to 2,910, compared to 2,733 declared in February 2021.
(4) As the annual declaration is postponed to March 2022, the data communicated for France in 2021 are not definitive.
(5) As employees with disabilities cannot officially report their situation to their employer in Belgium, this figure is no longer communicated.
(6) 3,844.64 Full-Time Equivalents worldwide.

At 31 December 2021, there were 4,851 employees with disabilities in 31 countries, representing an employment rate of employees with disabilities of 2.7% compared to the total workforce[1].

Thus, all countries implement the International Labour Organization’s Business and Disability Charter as part of a continuous improvement process; this is reflected in numerous initiatives (particularly in Germany with the “My Ability” programme, which offers coaching and training to facilitate access to employment, and in the United States, where Bank of the West obtained a score of 90/100 in the “great place to work for people with disabilities” survey, *etc.*).

In France, in this 2nd year of the 4th disability agreement (2020-2022), BNP Paribas SA achieved its target with 63 new hires. In addition, 1,855 job retention and 134 awareness-raising actions were recorded in 2021. The direct employment rate of employees with disabilities rose to 5.18% in 2020 from 4.64% in 2019[2].

Diversity of social and ethnocultural origins: 2021 marks a major turning point

With **173 nationalities** present within the Group, including 12[3] **within the G100**, BNP Paribas has been working for several years to promote diversity of origins and professional equality.

In March 2021, the Group joined the **International Day for the Elimination of Racial Discrimination**, marking its commitment to the fight against all forms of origin-based discrimination.

This year is also that of the co-construction, with all the country and business line HR managers, of a **Group level roadmap** dedicated to the diversity of social and ethnocultural origins, validated and supported by the Executive Committee and presented to the Board of

[1] In 2020, at constant scope (2020 Social Reporting workforce: 96% of the Group’s workforce), the employment rate was 2.5% while the employment rate in entities that report that they specifically monitor the number of employees with disabilities in their workforce is around 3% (2.9% in 2020). As a percentage of the Group’s total physical workforce, it was 2.5% (stable compared to 2020). Compared to the figure published in 2020 of 3.05%, the employment rate calculated in relation to the workforce of entities that declared at least one employee with a disability was 3.2% in 2021.
[2] The increase is mainly due to the change in methodology imposed by regulations in France.
[3] Including French.

directors. Implemented locally in 2021, this improvement path will accelerate progress in the Group's various locations through priority themes and concrete joint actions.

Ten internal professional networks have developed and actively contribute to raising awareness and promoting diversity of social and ethnocultural origins, in seven countries (Brazil, United States of America, Canada, France, Belgium, United Kingdom, Portugal), including BOLD, Latamigos and CulturALL. The latter is the new global network of Afrinity in France, Friends of Africa in Belgium, UK Multicultural Network and Black Heritage ERG (Employee Resource Group) in Canada.

In France, the Group contributes to several major programmes that have a positive impact on **professional integration** of groups remote from employment due to their social, geographical or ethnocultural origins. Thus, it supports nearly 280 associations and nearly 500 employees in France are mentors to support young people during their schooling with associations such as Article 1, Proxité, Télémaque and AFEV, and in their professional integration with associations such as NQT. (see paragraph *Products and Services that are widely accessible*, Commitment 7, and paragraph *Combatting Social Exclusion*, Commitment 8). Lastly, the Group cooperates with "*Le Club 21*e *Siècle*", which carries out numerous initiatives to promote diversity and restore equal opportunities for all citizens in France. Also in France, under the initiative of the **minister, Elisabeth Moreno**, BNP Paribas is one of the 9 pilot organisations that is testing the **Diversity and Inclusion Index** from January 2022.

In Canada, a partnership with a dedicated non-profit organisation is helping to set up awareness-raising and training sessions for Top Management, focusing on indigenous groups. In the United Kingdom, the "Sponsor for Race" appointed since the signature in 2020 of the "Business in the Community Race at Work Charter" is one of the Top 10 Champion Allies in the Investing Ethnicity Awards. In the United States, at Bank of the West, business line managers are implementing "Affirmative Action Plans" and the various History Months have been celebrated: "Black", "Asian & Pacific", and "Hispanic History Months".

LGBT+: international engagement and reach, pioneering initiatives

During the 3rd edition of the "LGBT+ role models and allies at work" organised by "*L'Autre Cercle*" in France, with its English counterpart OUTstanding, the Group once again distinguished itself this year with two employees being nominated for awards in the categories of **LGBT+ Leaders role models and Allied leaders role models**.

In France, at the initiative of the BNP Paribas Pride employee resource group, and for the first time among the network of traditional banks, BCEF now offers the "To each their own image" programme, which allows all customers to have a bank card with an LGBT+ emblem. Part of the sign-up cost is donated to "*SOS Homophobie*". In addition, BCEF now allows customers to remove their Title from their bank card and, for transgender people, to change their first name on the payment card.

In the United Kingdom, the HR policy on transgender employees was updated, along with a guide for managers. BNP Paribas Switzerland has obtained the LGBT+ label. As the "Best place to work for LGBT+", Bank of the West multiplies its actions, for example around Pride Month or the Transgender Day of Visibility.

Intergenerational

Several programmes were launched in 2021, such as the "Build to Shift" programme in Portugal, or the mentoring sessions at BNL. Intergenerational issues are also the subject of conferences and workshops every year, notably during Diversity and Inclusion Week.

Despite the health crisis, in France, the Group maintained its commitment to training and integrating young people by recruiting more than 2,000 new work-study students and more than 1,500 interns in 2021. In addition, today, two-thirds of the permanent contract job offers are accessible to young people entering the labour market. As soon as it was launched, BNP Paribas joined the French Government's "*1jeune, 1solution*" (1 young person, 1 solution) plan, then the "*Les entreprises s'engagent en France*" (Companies committed in France) community. In 2021, more than 20,000 employees under the age of 30, including all contract types, were recruited by the Group (permanent, fixed-term contracts, work-study students, interns).

Within BNP Paribas SA in France, the new Diversity and Inclusion Agreement brings to 150 the number of employees benefiting every year from the end-of-career corporate volunteering scheme, while broadening the circle of partner associations (see *Corporate Volunteering and other solidarity activities*, Commitment 5).

External recognition

BNP Paribas continues to receive high scores for diversity and gender equality in 2021.

For example, BNP Paribas CIB Brazil once again won the Silver award in the Corporate Category on Women Empowerment Principles.

In France, BNP Paribas holds the **diversity label** (since 2009) and the **professional equality label** (since 2018).

BNP Paribas Canada obtained the Bronze level awarded by Women in Governance certification.

BNP Paribas has maintained its position in indices specific to professional equality issues, such as the Bloomberg Financial Services Gender Equality Index (BFGEI).

With an overall score of **82/100** (*vs.* 81/100 in 2020), BNP Paribas maintained its leading position this year in S&P's extra-financial rating agency, S&P SAM Corporate Sustainability Assessment ranking (top 6%), while the average for the Banking sector fell slightly (-1 point at 38/100). These good results are mainly due to the recognition of the Group's actions in **"Working practices" (+10 points to 82/100)**. BNP Paribas is listed on the Dow Jones World and Europe Sustainability Indices.

The Group obtained excellent results in the recognised ranking of the Global 100 Most Sustainable Corporations established by the specialised Canadian magazine Corporate Knights (leading French bank and 7th bank worldwide out of a total of 576 banks assessed), notably due to its actions with regard to the representation of women on management bodies (Board of directors and Executive Committee) and the social security cover provided for Group employees.

Lastly, the Group obtained the highest score of A1+ at the end of its third rating requested from the agency Moody's ESG Solutions, notably thanks to its measures to combat discrimination and to promote diversity and inclusion, which employees highly praised during internal surveys.

RESPECT FOR HUMAN RIGHTS AND CODE OF CONDUCT

Promoting and complying with the International Labour Organization 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 classed as high-risk in terms of human rights[1]. The Group conducts business in 25 countries of concern, representing 20.7% of its total workforce. Furthermore, the Group has no employees under the age of 18 and does not operate in any high-risk countries.

Preventing discrimination, harassment and violence at work

The Group is continuing its policy of combating inappropriate behaviour by fully integrating the "Respect for Colleagues" section of the Code of conduct into the Group's actions and decisions.

To this end, new governance rules were defined in 2021 around the main areas: broadening the range of behaviours covered by the policy, including those that may be discriminatory, developing prevention and common Group principles for analysing and processing alerts.

In 2020, throughout the Group worldwide, 89 sanctions for inappropriate behaviour were imposed, including 28 dismissals for sexual or moral harassment, 1 demotion, 25 reprimands and 35 warnings.

For the 1st half-year 2021, 33 sanctions for inappropriate behaviour were imposed, including 5 dismissals for sexual or moral harassment, 3 dismissals for discriminatory harassment, 1 demotion, 4 reprimands and 20 warnings.

[1] *Source: Verisk Maplecroft (Human Rights Risk Index) identifies 23 high-risk countries and ninety countries of concern (unchanged since 2019). Out of the four categories of countries identified, high-risk countries are rated between 0 and 2.5/10 whilst countries of concern are rated between 2.5 and 5/10.*

COMMITMENT 5: "A GOOD PLACE TO WORK" AND RESPONSIBLE EMPLOYMENT MANAGEMENT

The health of employees remains at the heart of the Group's concerns, with numerous measures deployed to protect them during this pandemic period. With the increased practice of remote working during this period, the Bank takes into account employee expectations to favour new ways of working and teamwork, which is a factor of cohesion and commitment in the Company. These policies reflect the Group's commitment to the United Nations Sustainable Development Goals 3, 4, 5, 8 and 17.

TRANSFORMING WORKING PRACTICES AND MAINTAINING THE STRONG CORPORATE CULTURE

Smart working and team project

BNP Paribas has set itself the ambition of continuing to develop its working practices in the coming years, based on trust, autonomy and collaboration. It is above all a collective approach based on a team project. Developed on the basis of the experience acquired during the health crisis, the analysis of market practices and above all, listening to employees and managers, Smart Working integrates four dimensions:

- **Remote working**: BNP Paribas wishes to maintain a sense of belonging to the Company and a sense of teamwork by maintaining an overall balance between remote work and on-site presence with a maximum of 50% of remote working per employee for activities that allow it. It is organised within a benevolent management framework that promotes the principles of joint discussion between managers and employees on their remote working conditions. Location and eligibility conditions have been expanded. Equipment, compensation, flexible working hours and remote working arrangements have been opened up to ensure the development of remote working, taking into account the diversity of activities and employee expectations.

At the end of December 2021, 64% of the Group's employees in France were remote working an average of two days a week. (77% for employees who do not work in branches). In addition, as part of the health protocols related to the Covid-19 pandemic and specific to each country, it is possible to increase the number of days of remote working, in order to comply with the applicable government rules.

- **Work spaces**: the hybrid team organisation, the emphasis on collaborative work and the real estate strategy lead the Group to continue to change the configuration and uses of its workspaces.
- **Digital tools**: collaborative tools, applications or IT equipment allowing flexible, hybrid collaborative work, in constant development and adaptation.
- **People care**: supporting employees towards a hybrid way of working, adapting managerial practices, preventive actions focusing on the health and well-being of employees (maintaining social ties, combating physical inactivity or digital fatigue, work-life balance) (See the *Focus on employees* paragraph).

Agility: the Group "scales up" through a vast transformation plan

To respond effectively to the challenges of our environment, the Group has chosen Agile: a true state of mind and a working practice that values efficiency, discipline and puts the customer at the heart of its priorities. This year, a large "Agile@Scale" transformation programme was launched based on a common framework and principles. Besides, 11 CPBS entities and 2 banking divisions have already launched their agile transformation programme, while others are ready to do so by capitalising on shared experiences and taking into account local specificities.

The agile transformation also means the integration of new positions, new skills and continuous development through the transmission of knowledge within multidisciplinary teams to instil a dynamic of learning methods.

Among other initiatives, a broad and progressive communication plan supports the transformation. The first communication campaign on the local intranet in October recorded almost 16,000 views in just a few days.

Corporate volunteering and other solidarity activities

The corporate culture is also forged by promoting employee achievement through solidarity actions that reflect the Company's purpose. In 2020, the **#1MillionHours2Help** programme 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.

In 2021, more than 28,000 employees stated that they had been **involved in solidarity initiatives in favour of civil society totalling** over 509,000 hours, either during working hours or outside of working hours with compensatory leave[1].

Integrated into the BNP Paribas SA Diversity Agreement in France, the **end-of-career corporate volunteering work was renewed for 4 years** from 1 October 2020. The French subsidiaries, BNP Paribas Personal Finance, Leasing Solutions, Cardif, Asset Management, Arbitrage and Arval have implemented similar systems since 2017.

In 2021, **304 employees**[2] (150 of whom started during the year) were able to participate in work with non-profit organisations lasting 6 to 24 months.

[1] *Number of hours declared in HR tools as part of the #1MillionHours2Help programme including the long-term corporate volunteering set up in application of the Diversity and Inclusion Agreement in France (determined notably on 100% of permanent + fixed-term Group employees).*

[2] *On a like-for-like basis (long-term sponsorship in the middle and end of their career) in 2020, 271 employees were able to get involved in these missions.*

Intrapreneurship

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 Company Engagement's 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, 16 projects have already been tested and/or developed internally, contributing to the Group's sustainable transformation, such as Altermotive, Tangata, Finance4Good and Green On. More generally, 85% of the participants in the programme believe that People'sLab4Good has enabled them to identify the resources, develop the tools and the posture to **contribute to the resolution of societal and environmental problems in their company**.

Since 2020, the programme has been conducted as a multi-company coalition. The aim is to multiply the impact by pooling the resources and expertise of companies participating in a year group, to share their sustainable innovation systems, while providing valuable connections between the ecosystems of each. Since its creation, People'sLab4Good has hosted **67 intrapreneurs**, including around ten from ENGIE and Danone, coalition partners in 2020 and 2021.

FOCUS ON EMPLOYEES

Maintaining actions in the face of the health crisis

The Group's Health and Prevention Department remained fully mobilised and the crisis unit, set up and supervised by the Group Executive Committee, was continued. Bringing together the Head doctor, the HR teams in different regions, the teams responsible for the safety of persons and property, IT and property management, this unit continues to monitor the evolution of the pandemic and decides on Group measures applicable in all countries, taking into account the recommendations of the health authorities in each State.

The measures put in place at the start of the pandemic within the Group to ensure a **high level of protection and security** for employees continued: provision of surgical and FFP2 masks, hydroalcoholic gel, serological and antigenic tests, temperature measurement, instructions to be followed by vulnerable employees, employees with symptoms in the workplace, contact persons, *etc.* In France, BNP Paribas was able to participate in the pilot set up by the Ministry of Health and Labour to massively vaccinate employees in companies, with the granting of 1,000 doses of vaccines initially. Only around ten companies have been authorised to do so in France. 5,500 vaccinations were carried out from March to November 2021 and continued at several sites in Paris and in other regions beyond 2021 to reach 8,000 vaccinations.

In addition, in several countries, the Group relies on the expertise of International SOS, a company specialising in supporting business health and safety risks. During the health crisis, ISOS supported local entities in India, Ukraine and Latin America and also organised awareness-raising webinars on Covid-19 vaccination for employees in Japan and Ivory Coast.

In addition, a vast flu vaccination campaign was organised from December 2021.

The main activity of the Occupational Health and Prevention Service in 2021 was to support the individual situations of vulnerable employees by adapting workstations.

The permanent psychological assistance system, Stimulus Care, available 7 days a week, 24 hours a day, has been extended to cover the entire Group in France. Lastly, conferences (physical activity, sleep, news of the health crisis) and information materials on various topics related to health and well-being, including those dedicated to remote working, food, immunity, mental disorders, sleep, are added to the guides distributed throughout the year: these include "Managing the risk of alcohol in the workplace", "Preventing professional burnout", and "Supporting the return to work after a long absence".

Mental health issues have been compounded by a number of factors (isolation, extreme mental stress linked to the presence of young children, addictions, over-investment in work, *etc*.). Thus, a wide range of actions aims to support employees (communications by email and on the intranet, digital workshops, conferences, surveys, *etc*.) with a particular focus on vulnerable or fragile people who have not returned to the site for months.

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 7 days a week, 24 hours a day, telephone support in the event of a traumatic event (terrorist attack, climate events, *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 France, BNP Paribas measures the level of stress and well-being of its employees, through a regular survey. The rates measured in 2021 have improved compared to the previous two years, showing that the action plans put in place (training, transparent sharing of organisational changes, development prospects, *etc*.) were positively received.

Worldwide, almost all employees benefit from training initiatives related to the prevention of stress at work, some specifically dedicated to managers, others accessible to all employees.

Signatory of **the Cancer and Employment Charter**, the Group aims at improving employee support, retention and providing help on returning to work, including reorganising workstations, where necessary.

In 58 countries (around 96% of the Social Reporting Workforce), 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 **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 48 countries (91% of Social Reporting workforce), entities have improved or developed health awareness campaigns. Free vaccination campaigns have been offered in several countries (United States, Germany, Ukraine, Japan, Brazil, South Africa, India, *etc*.).

Caregiver support measures

BNP Paribas has set up a set of **measures to support employee caregivers**, in particular: an agreement on donating days off for employees who take care of a child or spouse, awareness-raising initiatives (communication, regular group events, how-to guides), training courses, partnerships with experts (Malakoff Humanis & Le lien Psy, *etc*.), discussion groups on special topics and access to a platform of psychologists.

We Care

Work was carried out to promote and better appropriate BNP Paribas SA's healthcare offering in France with the aim of informing and supporting employees and raising their awareness of psychosocial risks. "We Care" was created to bring together the entire health and well-being offering around three areas that are regularly enriched with new content such as health conferences, practical sheets or dedicated communications:

1. **I take care of myself and others:** information, awareness and training;
2. **I identify risky situations**: identification of weak signals and monitoring of indicators;
3. **I act**: orientation towards the right tools or personalised support.

Absenteeism

The Group's absenteeism rate[1], calculated for 62 countries, is 3.2%, plus 2.5% for maternity/paternity leave[2].

	2020		2021[(1)]	
In %	**Absenteeism rate**	**Maternity/Paternity**	**Absenteeism rate**	**Maternity/Paternity**
France	5.3%	2.2%	4.8%	2.1%
Belgium	4.7%	0.7%	4.5%	0.7%
Italy	3.0%	2.1%	2.6%	1.9%
Luxembourg	2.2%	1.0%	1.9%	0.9%
Europe (excluding Domestic Markets)	2.9%	5.1%	2.6%	4.6%
Rest of the world	1.3%	1.0%	1.5%	1.3%
TOTAL	**3.4%**	**2.6%**	**3.2%**	**2.5%**

(1) FTE for 93% of the Group's workforce. 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

Around 480 work-related accidents were reported by 28 countries in 2021, in addition to just under 600 commuting accidents (including 1 fatal accident).

The frequency rate[3] for work-related accidents amounts to 0.90 and increases to 1.99 if commuting accidents are added. The severity rate is 0.04 excluding commuting accidents, and 0.08 if the days lost due to commuting accidents are added.

QUALITY SOCIAL DIALOGUE

BNP Paribas conducts a high-quality social dialogue, fuelled by projects related to the Group's transformation and their impact on employees. In 2021, due to the prolongation of the global health crisis, **social dialogue continued at an intensified pace** with regular additional meetings held remotely or in hybrid mixed and face-to-face format. Management and employee representatives continuously discussed the measures taken in the crisis management context to maintain 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. The quality of these measures, as well as the participation of employee representatives in their construction and deployment, were underlined by the employee representatives themselves in numerous bodies including the European Works Council.

Review of the Global Agreement

In 2018, BNP Paribas signed an **agreement with UNI Global Union on 7 themes relating to fundamental rights at work,** thereby consolidating fundamental rights at work and setting up a global social foundation that applies to all of the Group's employees in all its regions. While the agreement has expired, the results of its implementation shared with the representatives of the Monitoring Committee are positive.

The greatest advances concern Health and Quality of life at work. Thus, in 2021, all employees concerned will benefit from a **minimum paid maternity leave period of 14 weeks. Paid paternity leave of at least 6 days** is in place in 51 countries covering over 142,000 employees. In addition, the following benefits are more favourable than the law: maternity leave for more than 65% of the Social Reporting Workforce, and paternity leave for more than 75% of the Social Reporting Workforce (with regard to disability see Promoting the employment and integration of disabled people).

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 workforce.
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.

European Social Charter

At the end of 2021, the **European Works Council**[1], covered 22 countries and more than 67% of the total workforce.

It contributes significantly to the implementation of the **European social charter** including the European agreements on employment management (2012), **gender equality** (2014) and **stress prevention** (2017). These agreements are also subject to **regular monitoring** by the European Works Council.

A negotiation group made up of representatives of the European Works Council Bureau, two European trade union federations and Management discussed the introduction of a remote working Charter aimed at defining a common framework for the deployment and strengthening of remote working within the BNP Paribas Group in Europe. This charter, approved by all parties, complements the **three existing European agreements.**

In 2021, an agreement was negotiated and signed with the representatives of the trade union organisations and federations concerned with a view to allowing the United Kingdom to remain within the scope of the European Works Council, for a minimum period of 3 years. This provision enables the continued application of the European Social Charter to all employees in the United Kingdom, including 4 agreements or charters on the themes of employment, gender equality, stress prevention and remote working.

In France

Negotiations continued despite the health crisis, with 108 agreements signed (including amendments) within the BNP Paribas Group in France, including half relating to compensation, employee savings and retirement savings.

Furthermore, in July 2021, an agreement defining for the first time **a common framework for the development of remote working in the Group** was signed with two representative trade unions. It includes remote working as the usual and sustainable way of working while providing for several possible methods to take into account both the diversity of the Group's business lines and the aspirations of employees. A collective team project makes it possible to set up the organisation of remote working best suited to the nature of the activities of each entity.

➤ NUMBER OF COLLECTIVE AGREEMENTS SIGNED AND OFFICIAL MEETINGS

	Collective agreements		Number of formal meetings	
	2020	**2021**	**2020**	**2021**
France	106	108	1,350	1,149
Belgium	3	7	193	144
Italy	58	39	266	201
Luxembourg	0	0	12	10
Europe (excluding Domestic Markets)	176	131	573	449
Rest of the world	12	8	123	44
TOTAL	**355**	**293**	**2,517**	**1,997**

Employment management

In a context of the prolonged health, economic and social crisis, the Group wanted to **guarantee to maintain the salaries** of all employees in the 65 countries in which it operates, including those who cannot work or are unable to work remotely. In 2021, as in 2020, the Group did not wish to use the "temporary layoff" scheme.

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.

[1] *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.*

Employment is managed under collective agreements concluded at different levels: Global, European and French. In France, the Group does not carry out any compulsory redundancies, preferring internal mobility and voluntary solutions to manage employment, in accordance with the commitments set out in an agreement between management and the trade unions. In other countries around the world, redundancies are exceptional, in line with the commitments of the European Agreement on Employment Management of 2012, renewed by tacit agreement every three years, and of the Employment and Change Management section of the Global Agreement of 2018.

In **France**, the Group's workforce has changed according to plan, at a moderate level of around -1.6%[1], mainly managed by **natural wastage and mobility**. Three voluntary departure and internal mobility plans were implemented, two of which were completed in 2021 within BNP Paribas Asset Management and BNP Paribas Securities Services and one within Personal Finance ending at the end of May 2022, relating respectively to 143,368 and 123 positions.

In Belgium, the workforce reduction announced in March 2018 for the period 2019-2021, amounting to 2,200 positions, was carried out as planned, with no forced departures, notably through natural departures. In addition, more than 1,000 employees were recruited over the period.

In Poland, an agreement was signed with the trade unions concerning a social plan providing for the loss of a maximum of 800 jobs over the period 2021-2023, aimed at supporting BNP Paribas Polska's industrial plan. Support measures include the reinforcement of internal mobility, the increase in benefits, the introduction of social protection guarantees and a voluntary departure plan. In 2021, this process resulted in 86 departures.

In Italy, under the 2019 and 2020 agreements negotiated and signed with the trade unions, 351 voluntary departures took place in 2021 through retirement-based measures. In addition, as part of its industrial plan, BNL has planned to set up two industrial partnerships on IT and back offices. These partnerships involve the outsourcing of 820 job positions (260 for IT and 560 for BO) in 2022, as part of a system provided for in the National Labour Contract (CCNL) for the banking sector, with guarantees provided in terms of employment and maintained working conditions for the employees concerned.

Corporate social responsibility taken to the highest level in the organisation

The **Group Head of Human Resources** is responsible for topics relating to human capital. She steers the Company's corporate social responsibility strategy with regards to occupational 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 **Board of directors' committee** responsible for BNP Paribas' Governance, Ethics, Nominations and CSR issues **(CGEN).**

BNP Paribas wants to inform all employees and stakeholders about its CSR commitments and its development focuses in this area. The BNP Paribas SA Social and Economic Committee (CSEC) is regularly informed of the Group's policy in this area. In December 2021, the Head of Company Engagement and member of the Executive Committee came to the CSEC to present the various actions taken in this respect.

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.

Compensation policy that complies with regulations

The Group's compensation 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 in accordance with CRD regulatory provision[2]. Since 2009, the implementation of this policy has helped to improve governance, identify employees that are **"Material Risk Takers"** (**MRT**), and to apply 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[4] or European 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.

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1 *Change in FTE.*
2 *European Directive CRD 5 of 20 May 2019, amending European Directive CRD 4 of 26 June 2019, as transposed into French law in the French Monetary and Financial Code, as well as Delegated Regulation 2021/923 on the criteria for identifying risk-taking employees (MRTs) and the European Banking Authority guidelines on prudent compensation policies of 2 July 2021.*
3 *http://invest.bnpparibas.com/en. Publication date: before the Shareholders' Annual General Meeting.*
4 *Markets in Financial Instruments Directive.*

A socially responsible, fair and competitive compensation policy

In the majority of the countries in which it operates, BNP Paribas 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. This ensures 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 compensation and the median compensation of employees** are available in chapter 2 *(Table Compensation 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 have published their gender equality index. The scores earned by the Group's banking and insurance entities[1], 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.

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 3.45 million for 2021. In addition, the budget provided by the subsidiaries in France amounts to approximately EUR 1.5 million (a slight increase).

For retention purposes, in 2021, the Group awarded to over 7,000 key employees a retention plan (maturing in June 2024), known as the **Group Sustainability and Incentive Scheme (GSIS)**. 20% of the initial award is related to the Group's CSR performance objectives, based on the four pillars of the Group's CSR strategy[3], while the rest is indexed to the Group's operational performance.

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 – *Salaries and employee benefits*. Turning to savings, collective **profit**-**sharing schemes** may also be put in place to **align** employees interests with **collective performance**.

In **France**, employees are involved in the Group's performance through **profit-sharing and incentive schemes**. In addition, most of the Group's companies support employees' voluntary savings efforts through savings plans (PEE and PERCO) with a **matching** cumulative contribution of EUR 64 million paid in 2021. In order to take into account the payment of the additional dividend to shareholders for 2020, BNP Paribas SA employees benefited from an additional incentive of EUR 14.7 million paid in December 2021.

In respect of the 2021 financial year, EUR 187 million will be distributed to the 62,026 beneficiaries of entities that are members of the Group profit-sharing agreement (compared with EUR 137 million to 63,646 beneficiaries in 2020). Regarding profit-sharing, more than 99% of employees are covered by a profit-sharing agreement at the end of 2021 (compared with 98.16% at the end of 2020). For BNP Paribas SA, EUR 134 million will be distributed among 41,811 beneficiaries for the financial year 2021 (compared to EUR 103 million to 42,808 beneficiaries in 2020).

The amounts paid in respect of the 2021 under the profit-sharing agreements of the subsidiaries will be known at the end of the first quarter of 2022.

At the end of 2021, the percentage of the share capital held directly or indirectly by Group employees was estimated at 3.62% (3.78% at end 2020)[4].

Elsewhere in the world, similar schemes exist. For example, at BNP Paribas Fortis in Belgium, part of the so-called "collective" variable compensation is linked to the achievement of CSR objectives. The 2021 objectives were met, and a total of EUR 21.1 million was paid to all employees.

In Luxembourg, in 2021, the Bank paid non-managerial employees an incentive bonus with respect to 2020, which amounted to nearly EUR 3.5 million.

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[1] *Scope: Entities with more than 250 employees.*
[2] *Key employees: SMP, high-potential employees or key local resources.*
[3] *For the 2018 plan, payable in 2021, the achievement of the nine 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.*
[4] *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.*

Employee benefits relating to social protection

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 employees of the BNP Paribas Group (98% of the Social Reporting Workforce) benefit from additional social protection at the end of 2021 through health reimbursement, disability, invalidity and death expenses. Depending on the situation, this coverage comes either from a government plan, an insurance plan, or a combination of both. Particularly attentive to the protection of employee health, in accordance with its regulatory environment, each business/country determines what coverage is provided, the specific applicability conditions and the terms of financing.

In France, the Group offers comprehensive supplementary social protection coverage through mandatory employee health reimbursement schemes and protection insurance, invalidity and death insurance, enabling employees to adapt their level of protection to their personal situation.

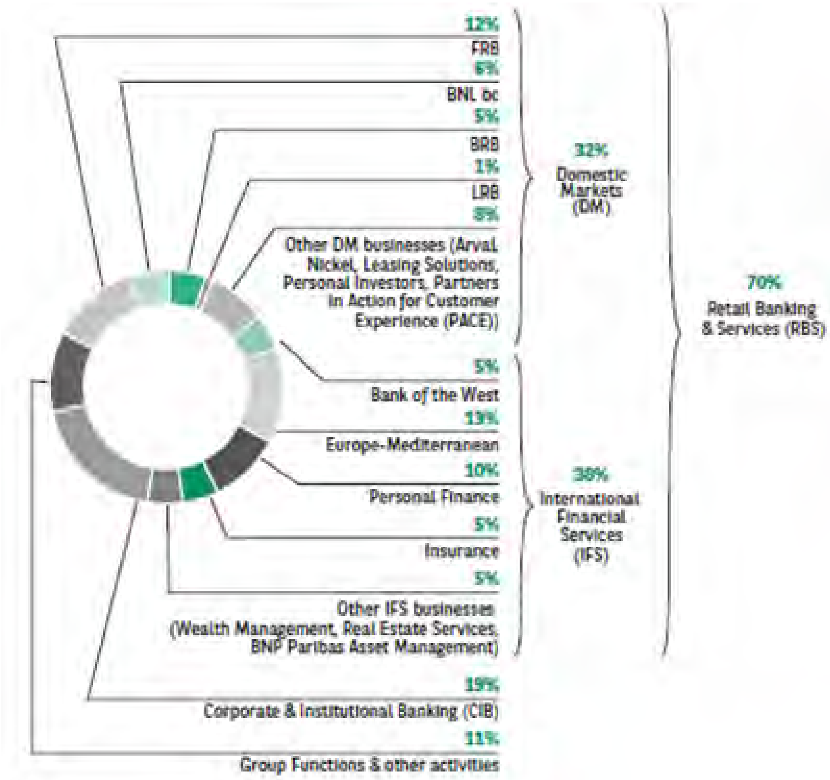
It also offers **flexible employee benefits**, enabling employees to select, to a certain extent, their level of coverage from a range of benefits offered aiming at long-term employability and offering sustainable choices. These benefits are available at BNL in Italy, at BNP Paribas Fortis in Belgium and in the United Kingdom.

CHANGE IN WORKFORCE

At the end of 2021, the number of employees managed by the Group is 189,765 FTE (Full-Time Equivalent – 186,041 financial FTE[1]), down 1.8%[2] compared to 2020 (193,319), in 65 countries.

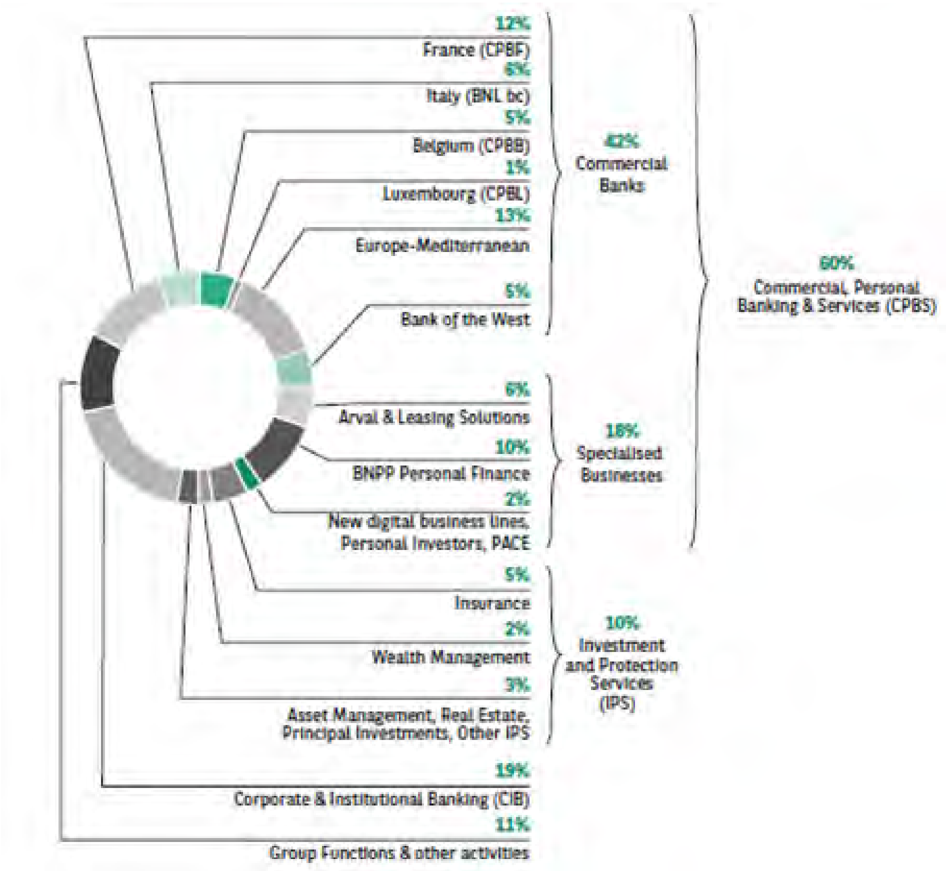
➤ BREAKDOWN OF THE TOTAL WORKFORCE BY GEOGRAPHICAL AREA[3]

Breakdown of workforce at 31/12/2021 according to the organisation in force until 31/12/2021

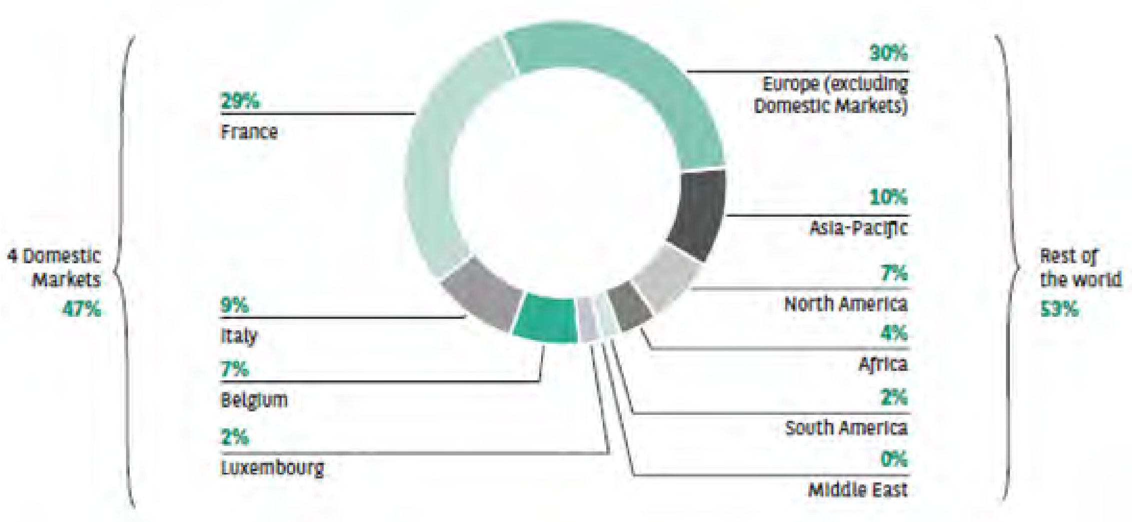


[1] Financial workforce: Full-Time Equivalents (FTE) at 31 December 2021 in wholly controlled, fully consolidated entities.
[2] Down 1.1% at constant scope.
[3] FTE out of 100% of the Group's workforce (permanent + fixed-term contracts).

Breakdown of workforce at 31/12/2021 according to the new workforce organisation in 2022



➤ BREAKDOWN OF THE TOTAL WORKFORCE BY GEOGRAPHICAL AREA[1]

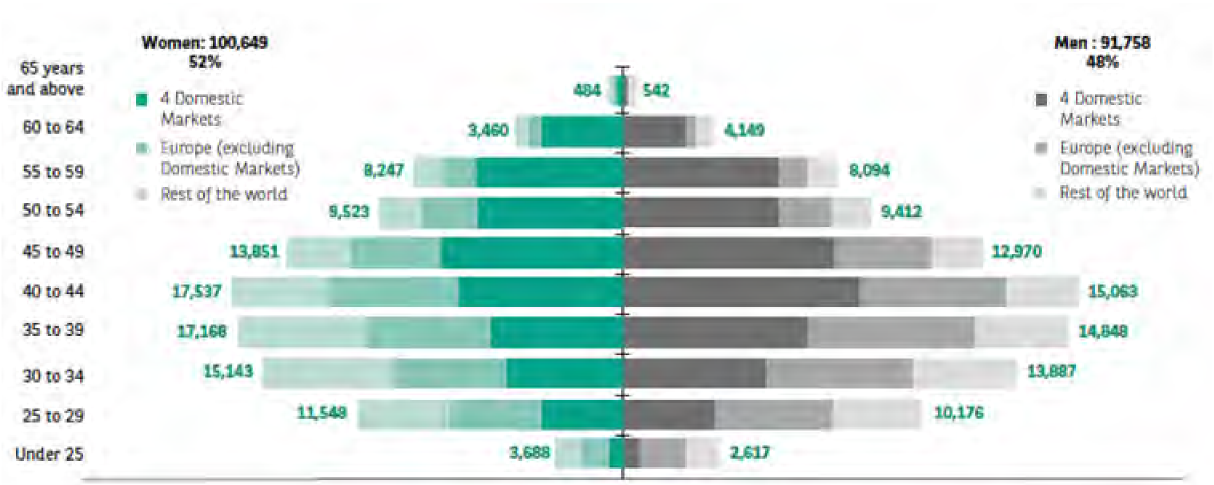


[1] *FTE out of 100% of the Group's workforce (permanent + fixed-term contracts).*

➤ CHANGE IN THE WORKFORCE OVER THE LAST TEN YEARS(1)

	2011	2016	2021		
France	59,877	58,338	54,659		
Italy	19,053	18,017	17,038	4 Domestic Markets 87,781	Europe 145,261
Belgium	18,673	15,721	12,577		
Luxembourg	3,820	3,551	3,507		
Europe (excluding Domestic Markets)	53,987	50,805	57,480		
Asia-Pacific	13,363	15,273	19,049		
North America	15,079	16,135	13,468		Rest of the world 44,504
Africa	8,360	9,976	7,066		
South America	3,993	4,086	4,406		
Middle East	2,218	517	515		
TOTAL	**198,423**	**192,419**	**189,765**		**189,765**

➤ BREAKDOWN OF GROUP WORKFORCE BY AGE, GENDER AND GEOGRAPHICAL AREA(1)



(1) This breakdown takes into account 99% of the Group's workforce (permanent and fixed-term contracts), comprising a total of 193,933 employees expressed in physical headcounts.

The overall average age went from 41.4 years in 2020 to 41.7 years in 2021, and average seniority is 11.9 years in 2021, the same as in 2020.

RECRUITMENT / EMPLOYEE TURNOVER

In 2021, the Group recruited 20,849 people on permanent contracts worldwide (+40% compared to 2020), including 2,984 in France, coming back to the level of 2019.

With 58% of the hires in Europe (63% in 2020), BNP Paribas reaffirms its status as a leading European bank.

For the 4th consecutive year, France is the top recruiting country with 14.3% of the total. The United States (14.2%) and India (13.2%) remain very dynamic, ahead of Turkey and Portugal (7%).

The Group records a voluntary turnover rate[1] of 7.9% in 2021, mainly because of the high rates of voluntary departures in India (17.8%), the United States (16.4%), in Asia such as Singapore (13.9%), Hong Kong (12.7%) and Taiwan (12.4%), and Eastern European countries such as Romania (16.4%), Bulgaria (18.3%) and Ukraine (16.7%), partly due to local employment trends in those markets. Outside those markets, the Group's voluntary departure rate was 5.6%. In the Domestic Markets, this rate was 3.5% for Belgium and Luxembourg, 3.2% for France and 2.9% for Italy. At Group level, the turnover[2] was 10.8% (8.9% in 2020) and the departure rate was[3] 11.9%.

CHANGES IN WORKFORCE

➤ CHANGES IN WORKFORCE: NEW RECRUITS ON PERMANENT CONTRACTS AND GEOGRAPHICAL DISTRIBUTION(1)

	Men	Women	Total 2020	Men	Women	Total 2021
TOTAL	**7,471**	**7,400**	**14,871**	**10,543**	**10,306**	**20,849**
4 Domestic Markets	52%	48%	3,172	54%	46%	4,139
Europe (excluding Domestic Markets)	47%	53%	6,134	46%	54%	8,028
Rest of the world	54%	46%	5,565	53%	47%	8,682
TOTAL	**50%**	**50%**	**14,871**	**51%**	**49%**	**20,849**

(1) Physical workforce (Total FTE (permanent contract) = 20,433).

➤ CHANGES IN WORKFORCE: REASONS FOR EMPLOYEES WITH PERMANENT CONTRACTS LEAVING THE GROUP(1)

	Men	Women	Total 2020	Men	Women	Total 2021
Retirement/early retirement	1,446	1,199	2,645	1,262	1,104	2,366
Resignation	4,898	5,149	10,047	7,631	7,575	15,206
Dismissals(2)	998	1,151	2,149	882	848	1,730
Mutually agreed departures and equivalent	637	1,097	1,734	615	902	1,517
Assisted departure plans	322	300	622	394	505	899
Other terminations of permanent contracts (unspecified, end of trial period, death)	903	1,004	1,907	745	712	1,457
TOTAL	**9,204**	**9,900**	**19,104**	**11,529**	**11,646**	**23,175**

(1) Physical workforce (Total FTE (permanent contract) = 22,355).
(2) In France, the reasons for the 462 dismissals (464 in 2020) are due to physical and professional shortcomings, incapacity and misconduct.

26% of the departures are in Domestic Markets (30% in 2020), 35% in the rest of Europe (38% in 2020) and 39% in the rest of the world (32% in 2020).

[1] Calculation method: [Resignations of employees and mutually agreed departures during the year N]/[Workforce 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 definitively leaving during the year N]/[Workforce present at 31 December in the year N-1 + Hires of employees during the year N] – permanent contracts only and in FTEs.
[3] Calculation method: [Employees definitively leaving during the year N]/[Workforce present at 31 December in the year N-1 + Hires of employees during the year N] – permanent contracts only and in FTEs.

ORGANISATION OF WORKING HOURS

➤ TYPE OF CONTRACT(1)

	Men	Women	Total 2020	%	Men	Women	Total 2021	%
Number of permanent contracts	91,501	96,399	187,900	97%	90,133	94,896	185,030	98%
Number of fixed-term contracts	2,038	3,382	5,419	3%	1,792	2,943	4,736	2%
TOTAL	**93,539**	**99,781**	**193,319**	**100%**	**91,926**	**97,840**	**189,765**	**100%**

(1) Full-time equivalent.

➤ PART-TIME(1)

	Men	Women	Total 2020	%	Men	Women	Total 2021	%
Number of part-time employees	2,635	14,411	17,046		2,279	13,727	16,006	
Of which part-time at 80% or more	1,396	9,545	10,941	64%	1,230	9,240	10,470	65%
% of part-time employees	3%	14%		9%	2%	14%		8%
% of part-time employees by gender	15%	85%			14%	86%		

(1) Physical workforce taking into account 99% of Group's workforce.

COMMITMENT 6: A LEARNING COMPANY SUPPORTING DYNAMIC CAREER PATH MANAGEMENT

Keen to develop its human capital, the Group creates a variety of career development opportunities for everyone. At the heart of its employer policy, this investment also makes it possible to reinvent itself and better prepare for the future. These policies reflect the Group's commitment to the United Nations Sustainable Development Goals 4, 5, 8, 10 and 17.

The 2021 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 98.3% in 2021[1].

ATTRACTING CANDIDATES AND RETAINING EMPLOYEES

In 2021, BNP Paribas is still seen as a top employer

The Group maintains its prominence on social networks, with more than one million subscribers on LinkedIn.

For the ninth consecutive year, BNP Paribas has been awarded the Top Employer Europe label by the Top Employers Institute. This certification also concerned other countries in latin America (Argentina, Brazil, Colombia, Mexico), Personal Finance entities (United Kingdom, Italy, Belgium, Spain, Portugal and South Africa), as well as BNP Paribas Real Estate Germany.

This year, BNP Paribas obtained an overall average of 90% (89% in 2020) according to a benchmark comparison with the 1,071 Top Employer certified companies in Europe. It stands out for diversity and inclusion (89%; +14 pts), career path (90%; +12 pts) and well-being (84%; +10 pts).

For the first time, BNP Paribas is now classed as a top ten employer in France.

More than 110,000 students from Business schools around the world expressed their opinions in the Universum 2021 ranking "Worlds' Most Attractive Employers": they rank BNP Paribas as the number one French bank and 3rd French company (behind L'Oréal and LVMH). This strong position recognises BNP Paribas' daily commitment to students and young people entering the job market.

[1] *Number of employees who attended at least 2 training courses during the year, including mandatory training in particular on compliance (on a scope of 98% of the workforce monitored in the Mydevelopment tool), compared to the total number of Group employees on permanent + fixed-term contracts as at 31 December 2021 (from HR systems).*

More specifically in terms of training, the Asset Management business line won the "Brandon Hall Group Human Capital Management (HCM) Excellence Award" in the "Gold Excellence Learning" category for "iLearn", its dedicated Asset Management learning platform. This prestigious award recognises iLearn for its ATAWAD (Any Time, Any Where, Any Device) accessibility capabilities.

Internationally, our countries, such as Spain, Germany and Brazil, stand out in local rankings.

France, for its part, has renewed its Happy Trainees survey of students who have had professional experience at BNP Paribas. Some 89% recommend the Group.

Measuring employer brand perception to attract the best candidates

To be able to increase its attractiveness to candidates and employees, BNP Paribas is committed to a process of constantly improving its employer brand:

- in conjunction with Universum, the Group conducted a study to measure the perception and effectiveness of its employer value proposition with more than 50,000 students from Business schools in eight of its priority markets (France, Italy, Germany, Portugal, Spain, the United States, Hong Kong, China);
- at the same time, BNP Paribas launched a more specific campaign with LinkedIn targeting two strategic targets: experts in the data, digital and agile sectors, as well as specialists in Retail Banking.

The results of these studies enable the Group to adapt its communication to its internal and external audiences to help strengthen its position as top employer and meet its major recruitment challenges over the coming years.

A company that listens to its employees (Voice of Employees)

In 2021, the Group's "closer to local" strategy was implemented using the Pulse survey, completed at the entity level. Thus, 98% of employees were interviewed at least once during the year in 63 countries (through 64 Pulses). Four recurring themes common to the majority of surveys emerged: engagement, well-being at work, management, operational efficiency. The entities regularly share their results and action plans with employees on local priority topics *via* their own communication channels.

In October, a joint Pulse survey was launched simultaneously in all Group entities on the "Conduct" and "Diversity and Inclusion", which are at the heart of the Group's values (see *The Pulse survey on the Diversity and Inclusion topics*, Commitment 4). Nearly 80,000 employees took part. The encouraging results were analysed country by country. The main lessons were shared at Group level with all employees and then entity by entity in order to carry out the necessary actions to further improve on these two major themes.

DEVELOP SKILLS AND IMPROVE EMPLOYABILITY

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. Among these Leaders, a certain percentage will ultimately make up the Group's cross-functionnal Executive Committees for business, functions and regions (600 Leadership for Change, hereafter "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 2021, the programme brought together nearly 7,000 "Leadership Talents" belonging to the three levels (Emerging, Advanced or Top).

Over the past year, the teams have adapted to the crisis by offering all-digital events. More than 4,500 "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 Corporate Human Resources – mentoring, corporate volunteering, seminars, training sessions on the Personal Development Plan and online training such as the Harvard Leadership Development Platform, Spark, and a course on Navigating Digital Technology – there are also initiatives offered locally or by their Business or Function.

Dedicated programmes strengthening the Group's culture

The Leadership & Management Academy is a cross-functional initiative that disseminates strategic information and works to strengthen a shared leadership culture within the Group. Integrated into the Leadership Corner platform dedicated to the Group's key populations (Top Executives, Senior Managers and Talents), it continually adapts its offer by proposing:

- workshops on change management, transformation and innovation strategy;
- series of webinars focusing on sustainable finance, future trends in leadership, innovation and business;
- two certification programmes: Navigating Digital Technologies (NDT) in the digital field and Harvard Manage Mentor Spark - platform on leadership.

Addressing the core theme of the transformation of its strategic plan for 2022-25, the certifying training course on Positive Impact Business co-developed between BNP Paribas and the University of Cambridge was once again a resounding success this year among pioneers in the Positive impact field: fully digital since 2020, it has trained and certified 280 sustainable development pioneers in order to integrate this dimension into their discussions and solutions with their customers.

More than 300 members of the LFC 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. Since Q3 2021, the “The Future We Choose” programme has been renamed “Shape The Future”, with the aim of working on the implementation of our transformation, in particular by equipping our leaders with appropriate support solutions.

Training offer

➤ **TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES(1)**

	2019	2020	2021
Total number of employees who completed at least one training course (including mandatory training courses)	202,876	194,976	189,511
Total number of employees who completed two training courses (including mandatory training courses)	198,594	183,488	189,102(2)
Total number of training hours	4,424,760	3,589,014	3,978,539

(1) Source: My Development reporting tools, including 98% of the Group’s physical workforce on permanent or fixed-term contracts in 65 countries, although other employees (apprentices, employees on vocational training or qualification contracts, interns and casual workers) also receive training.

(2) Of which 52.34% are women, 36.76% are employees over the age of 45 and 2.54% are on fixed-term contracts, testifying to the accessibility of training to all these categories.

In distance trainings remained predominant in 2021 due to the dual impact of the health crisis and the adaptation of offers in various digital formats (video, virtual classroom, podcast, e-learning, *etc*.). These new formats are now well established and allow better access to training and optimisation of duration (on average 21 hours in 2021).

Business line training courses remain the most popular training courses in terms of number of hours. This is followed by training on cross-functional and behavioural skills, which reflects the importance given to support during a period of major transformation. The number of employees who obtained a certification or diploma increased sharply in 2021 (over 17,500 employees).

Similarly, to support the challenge of transforming some of the Group’s business lines into Agile@Scale, a programme of acculturation to Agile concepts and values was launched through video clips.

The **average number of training actions increased** (36 actions per employee in 2021, mainly due to mandatory training, compared to 26 in 2020).

➤ TRAINING: OVERVIEW BY METHOD AND CONTENT(1)

	Training method(2)				Training content(3)			
	Face-to-face(4)	In distance(5)	Experiential(6)	Events(7)	Business techniques & functions	Risks & compliance	Culture & awareness of the Group & its entities	Individual skills & management
France	2.32%	97.62%	0.00%	0.06%	70.35%	23.47%	2.60%	3.58%
Belgium	8.42%	91.57%	0.00%	0.01%	43.37%	45.95%	6.31%	4.37%
Italy	4.65%	95.35%	0.00%	0.01%	64.81%	21.91%	8.45%	4.83%
Luxembourg	9.54%	89.44%	0.00%	1.01%	50.35%	42.04%	0.90%	6.71%
Europe (excluding Domestic Markets)	6.78%	93.20%	0.01%	0.02%	39.49%	44.69%	9.42%	6.40%
Rest of the world	5.97%	94.03%	0.00%	0.00%	37.77%	44.48%	12.85%	4.90%
TOTAL	**4.72%**	**95.24%**	**0.00%**	**0.04%**	**54.91%**	**33.24%**	**7.14%**	**4.70%**

(1) *Proportion of training courses by method and subject compared to all training courses attended in the Group by scope. Source: My Development; Physical workforce out of 98% (stable) of the Group's workforce (permanent + fixed-term contracts).*

(2) *% attendees per method out of the total number of training sessions.*

(3) *% attendees 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.*

(4) *Face-to-face (sessions/events organised within companies, inter-companies or internally).*

(5) *In-distance (Virtual Classes, Webcast and Digital-Videos/Serious Game/MOOC, SPOOC, podcast, etc.).*

(6) *Experiential (On the Job Training, Mentoring, tutoring, reverse mentoring, peer training).*

(7) *Events (Co-Development Workshop/Conferences, discussion workshops, etc.).*

Forging a culture of continuous development

Our learning platform continued its evolution in 2021 by giving the business lines the ability to integrate new types of digital content (external platforms interfaced into our tool), diversify their formats and share content (nearly 800 playlists shared in 2021, an increase of +67% compared to 2020). The aim is to provide a targeted and varied learning experience with a single entry point.

Under the "Smart Working" programme, training offers continued to be deployed in different formats to support the evolution of remote working practices, digital tools and well-being at work, with various formats (individual, collective, in real time, on the fly). Other methods are also part of the continuous learning culture and experience, such as experience-based training (peer-to-peer learning, reverse mentoring, on-the-job actions).

The Digital, Data & Agile Academy enhances its offering

The **Digital, Data & Agile Academy** (DDA Academy), a personalised development offering for the **key** digital, data and agile **roles**, continues to expand. 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 2021, 51 **Upskilling**, 21 **Reskilling** and 63 **Reskilling boost** courses made it possible to (i) improve and strengthen skills (Upskilling), (ii) acquire new skills with a view to possible mobility and retraining (Reskilling) and (iii) acquire and deepen a single skill specific to a given role (Reskilling Boost).

Since its launch, **3,337** employees have followed these courses. The proportion of women, currently at 43% (compared with 26% at the end of 2018 during the pilot phase), is increasing.

The DDAA also continues to enrich its offer: an AI acculturation module in conjunction with the *Institut Montaigne*, a targeted "Data For Managers" certification training programme, in partnership with HEC and Net Explo, the enrichment of a new role (data engineer) and a new specialisation (digital marketing expert).

ANTICIPATING THE SKILLS NEEDS OF THE FUTURE

The work of anticipating skills carried out for several years gives each manager and HR concerned precise visibility on:

- the profiles available within the Group for a current or future need, which facilitates internal mobility;

- jobs in short supply for which it is necessary to train employees present in the Group, or to recruit.

At the heart of career management and at the service of employees, managers and HR, the "About Me" platform aims 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 132,000 employees reported a range of 900 different skills in "About Me", for a cumulative total of around 2 million skills.

Thus, "About Me", a personalised and powerful digital platform, responds to the desire to create a real employee path by focusing on his/her development, mobility and strengthening his/her commitment. It enables the Group to have detailed knowledge of the skills of each employee in real time. In October 2021, the HR Department of BNP Paribas won the Digital HR Awards organised for the first time by Deloitte, in the Business Partner category, with the spotlight on "About Me".

Some hundred new skills were added to "About Me" at the start of 2021 to facilitate the identification and qualification of projected roles and associated skills. A new feature, "employability perspectives", gives each employee access to the Group's main employability prospects over the next five years and the skills that can be developed. This feature is currently in a pilot phase with the aim of opening it up in stages during 2022.

A detailed analysis of the future of employment for the entire Global IT line, *i.e.* around 17,000 people, was carried out and is the subject of an action plan.

The list of all training courses attended by employees is automatically imported from My Development into the "Personal Development Plan" section of "About Me", which is an incentive to motivate employees to complete their Personal Development Plan.

The annual performance review, which is systematic for all employees, has been simplified and digitised in "About Me". Managers must apply the nine performance review principles established to guide their actions, with regard to the objectives set by the manager for one year. The objectives defined during the performance review must be clear, attainable, measurable and adapted to the nature of the activity and the responsibility of the position, defined in time (European Agreement on the prevention of stress at work). It is also a time for discussion, where employees are invited to express themselves freely about their working environment and the continuous improvement of its organisation and/or processes. In addition, the multi-source feedback culture is strongly encouraged: available in "About Me", this simplifies the annual performance review and provides material for the Personal Development Plans.

MOBILITY

The Taleo global mobility management tool has been deployed to 179,096 employees in 60 countries.

In total, the Group has a total of 24,156 transfers in 2021 (23,544 in 2020), up by 3%. In France, 9,438 transfers were carried out compared to 8,435 in 2020.

Of these transfers, 4,608 are cross-functional (inter-entity and inter-business), up by 17% (3,931 in 2020). They were 2,529 in France (+17% compared to 2020).

A single centre of expertise in France manages all internal and external recruitment for the Group, for all types of contracts in response to the needs of the business lines/functions and the challenges of the Group's transformation. Thanks to their expertise, their proximity to the business lines and their global and cross-functional vision of the internal job market, these teams strive to optimise the candidate mobility experience.

For the 8th consecutive year, BNP Paribas organised "Mobility Days" which took place over four weeks in 42 countries. The all-digital format generated more than 30,000 connections to conferences, workshops and trainings. This last pillar of mobility is a priority, particularly in Asia Pacific where 3,000 participants in 13 countries were able to discover the "Training Festival" to help employees to be active in their career by developing their skills. The objective is above all to support employees in their career development and to adopt a proactive approach to managing their development in close collaboration with their manager and HR.

In latin America, Cardif's various entities joined forces for the "Cardif has talent" project with the aim of presenting the mobility pathway and showcasing the careers of inspiring employees.

In France, a day was dedicated to discovering the ecosystem and the tools made available to employees to encourage them in their mobility approach.

➤ TOTAL NUMBER OF POSITIONS PUBLISHED AND JOBS FILLED INTERNALLY(1)

	2020			2021		
	Number of positions published	Internally filled positions	% of positions filled internally	Number of positions published	Internally filled positions	% of positions filled internally
France	4,249	2,913	69%	7,139	3,038	43%
Belgium (BNP Paribas Fortis)	863	666	77%	1,401	3,321	237%(2)
Italy	332	354	107%(2)	429	210	49%
Luxembourg (BGL BNP Paribas)	243	174	72%	297	197	66%
United Kingdom	802	423	53%	1,696	362	21%
Ukraine	1,607	726	45%	1,713	831	49%
Portugal	1,402	1,066	76%	2,216	1,701	77%
Turkey (TEB)	238	48	20%	454	69	15%
United States (of which BNP Paribas CIB, Bank of the West)	2,734	766	28%	4,473	1,247	28%
Other countries (Algeria, Spain, Hong Kong, India, Morocco, *etc.*)	3,950	669	17%	8,687	863	10%
TOTAL	**16,420**	**7,805**	**48%**	**28,505**	**11,839**	**42%**

Source: Extract from Taleo and the complementary declarations of the countries/entities.

(1) Based on 91% of the Group's workforce.

(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 support human rights;
- **Commitment 9**: Corporate philanthropy policy focused on the arts, solidarity and the environment.

The highlights of 2021 include:

- In the area of financial inclusion:
  - BNP Paribas is the largest bank amongst the first 28 signatories of the "Commitment to Financial Health and Inclusion for the greatest number of people", promoted by the United Nations UNEP-FI, *via* the PRB (Principles for Responsible Banking),
  - during the health crisis, the Group continued to support microfinance institutions (MFIs) for an amount of EUR 367 million, despite a decline in their loan production, which generated increased liquidity. The trend should be reversed in 2022 as indicated by the growing number of lines granted in the last quarter of 2021,
  - BNP Paribas initiated and led a coalition of private investors in the inclusive finance sector around green microfinance, whose purpose is to integrate environmental issues into the operational framework of microfinance. The mission of this coalition is to establish a list of practical indicators analysing the measures taken by MFIs in terms of adapting to climate change and preserving biodiversity,
  - the Group also won a call for projects initiated by the GEF announced at the COP 26 in Glasgow. The project consists of developing a standard and providing certification to MFIs in order to strengthen the adaptation and resilience capacities of their end customers to climate change;
- At the same time, to promote social inclusion:
  - BNP Paribas Cardif has developed products for specific temporary disability support in Germany, for the elderly in Taiwan, for caregivers in the Czech Republic and to prevent cancer in women in Turkey,
  - the Nickel offering represents 2.4 million accounts opened by more than 150 different nationalities. 80% of its customers earn less than EUR 1,500 per month,
  - as part of the partnership with Grameen Creative Lab, a consulting firm created by Professor Muhammad Yunus, Nobel Peace Prize winner, BNP Paribas Cardif launched Tangata Emploi, a social enterprise created by two of the Group's "intrapreneurs", whose project was selected and supported by the internal incubator for positive impact projects, the "People's Lab for Good". Tangata Emploi aims to improve the employment rate of people with disabilities and their recognition in companies,
  - TEB has offered financial education training collaborations with the Turkish National Ministry of Education and Unicef,
  - BNP Paribas Personal Finance supports the victims of natural disasters caused by climate change in Germany, Turkey, Belgium, *etc*.,
  - the BNP Paribas Foundation celebrates the 15 years of the *Banlieues* Project in 2021 and has renewed its commitment for a period of three years, notably with Afev, which works for education and Adie, which acts in favour of employment;
- Lastly, in terms of sponsorship:
  - the BNP Paribas Foundation has confirmed its support for women for whom the lockdown has accentuated the violence and insecurity suffered by working with several players, notably with *Agir pour la Santé des Femmes* (ASF, Act for Women's Health) and the *Fondation des Femmes* (Women's Foundation),
  - in 2021, the Foundation also launched a Youth Solidarity plan to address the serious consequences of the pandemic on young people (school dropout, isolation, loss of reference points, *etc*.) by launching an exceptional plan in support of 14 associations in direct contact with the community,
  - the Group has renewed its sponsorship programme for the integration of refugees in Europe for three years. In 2021, the BNP Paribas Foundation contributed through EUR 1.5 million provided to 27 associations in ten European countries,
  - the Rescue & Recover Fund has been mobilised to support four major crises related to Covid-19 (India), floods (Germany, Belgium and Luxembourg), earthquakes (Haiti) and hurricanes (Louisiana). In total, nearly EUR 1.3 million was donated to NGO partners in 2021, exceeding the historic record of 2020.

COMMITMENT 7: PRODUCTS AND SERVICES THAT ARE WIDELY ACCESSIBLE

The Group strives to improve the accessibility of financial products worldwide as the financial inclusion of populations is a major accelerator of economic development. Thus, the Group contributes to the achievement of several UN Sustainable Development Goals, such as No. 1 (no poverty), No. 8 (decent work and economic growth) and No. 10 (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.

The Group is one of the first signatories of a text promoting financial inclusion and financial health for as many people as possible, promoted by the Finance Initiative of the United Nations Environment Programme (UNEP FI), *via* the PRB (Principles for Responsible Banking). Committed since 2 December 2021, BNP Paribas will develop indicators to improve inclusive finance practices over the next 18 months in collaboration with 28 other banking players; the results obtained will be the subject of an Annual Report.

GROUP SUPPORT FOR MICROFINANCE, A LONG-TERM COMMITMENT

Historical and growing support

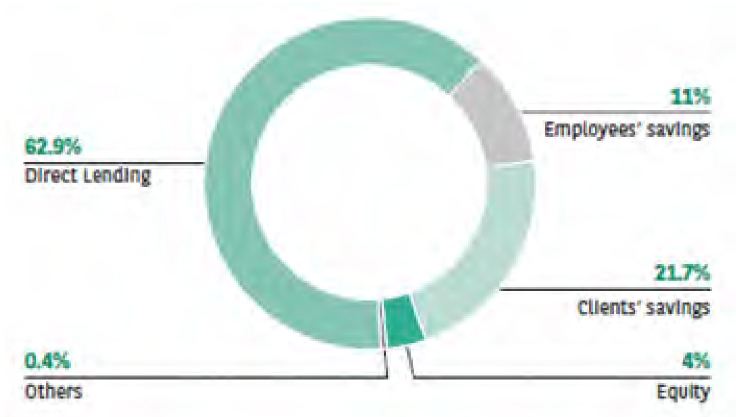
BNP Paribas' commitment to inclusive finance has a long history, with the support of Adie in France for almost 30 years as well as the first financing of a microcredit institution **32 years ago**.

Since then, BNP Paribas' support for microfinance has benefited more than 2.4 million people, including 83% women, thanks to funding from 84 Microfinance institutions (MFIs) in 33 countries.

The Group uses different levers to promote the deployment of microfinance and have a positive impact on society: direct financing of Microfinance Institutions (MFIs), investment in funds specialising in financial inclusion, creation and development of positive impact funds, distribution of savings products dedicated to microfinance, completion of technical assistance missions.

In 2021, this support reached EUR 367 million, thereby directly financing 22 MFIs in 14 countries and indirectly more than 100 MFIs in most countries around the world, *via* 14 dedicated funds in which various Group entities invest. The decrease in financing observed is due to a limited demand for credit in several regions due to increased liquidity due to the pandemic.

➤ **FINANCING AND INVESTMENTS FOR MICROFINANCE INSTITUTIONS IN 2021: EUR 367 MILLION**



Microfinance, a sector severely weakened by the epidemic crisis

The funding needs of BNP Paribas' main partner Microfinance Institutions (MFIs) have been reduced because they have primarily mobilised their own cash to finance their loans: the lockdown measures limited the collection of repayments and, therefore, new microcredit loans. Due to the Covid-19 crisis, the loan portfolio of MFIs has decreased or at best stagnated. Similarly, the Group's portfolio has been reduced and authorisations granted to MFIs have decreased by 38% due to lower funding requests. The trend is expected to reverse in 2022. Despite the crisis, the Group remains committed to supporting the recovery seen since October 2021 by granting new credit lines in Indonesia, India, China and Vietnam to MFIs mainly financing women. New financing are also planned in Morocco and Côte d'Ivoire in the first quarter of 2022.

Financial and social performance at the heart of the microfinance development strategy

Social impact in Europe

In Europe, the Group finances the five largest microfinance institutions of five different countries: Adie in France, Qredits in the Netherlands, Permicro in Italy, Microstart in Belgium and Microlux in Luxembourg – BNP Paribas being the main shareholder of these last three. In 2021, BNP Paribas conducted a study which highlighted the fact that the Group's five partner MFIs provided their beneficiaries with specific individual extra-financial help for a total of more than **100,000 hours of entrepreneurship support**. This support has contributed to the development and sustainability of their business, and as a result, to the **cumulative creation of more than 56,000 jobs.**

The social performance objectives, targeted through the support to European MFIs, include the granting of financing to women – who still represent **39% of microfinance beneficiaries in Europe –** and to people below the national poverty line, *i.e.* 8.1% of beneficiaries in Europe.

Global social performance

At a global level, BNP Paribas ensures that the MFIs that the Group finances have an above average social performance score, as evidenced by its **score of 83% measured in 2021** by the SPI4 (Social Performance Indicator) tool developed by the NGO Cerise, against an **average score of 65%** calculated for more than 300 MFIs worldwide.

Reconciling financial inclusion with environmental issues

The materialisation of climate risk is a factor that can drastically reduce the financial inclusion of small producers and rural communities, which are the first to be affected by climate change. It is therefore necessary to support and train suppliers of inclusive financial products and services to better understand this risk so that they can identify their most resilient customers and help them adapt to the most vulnerable.

With these objectives, BNP Paribas initiated and then led a coalition of private investors in the inclusive finance sector. Its mission is to establish a list of operational indicators to analyse the practices of MFIs in terms of adaptation to climate change and biodiversity conservation. This coalition of five investors and a technical operator (Yapu Solutions) has now joined the “Green Inclusive Climate-Smart Finance” action group of the e-MFP (European Microfinance Platform[1]).

BNP Paribas also won a call for projects initiated by the Global Environment Facility[2] (GEF) on adaptation to climate change, announced at the COP 26 in Glasgow. The project submitted by BNP Paribas consists of certifying the portfolio of MFI partners according to their roles in building the adaptation and resilience capacities of their end customers, small farmers. The certification will mainly be based on the methodology developed by the United Nations Environment Programme (UNEP) as part of the MEbA project[3] (Microfinance for Ecosystem-based Adaptation) and MEbA Biodiversité supported by BNP Paribas since 2019 which have developed a first verification standard. (See *Enabling our clients to transition to a low-carbon economy respectful of the environment*, Commitment 10).

PROVIDING SUPPORT 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. To be effective, this type of support must be done as closely as possible to the field and the beneficiaries and must be adapted to each context; it cannot therefore be part of large global programmes; however, the majority of the Group’s business lines offer specific solutions, as shown in the examples thereafter.

Customers with disabilities

The Bank has introduced systems for customers with disabilities or reduced mobility by promoting better accessibility to its products and services. The aim is to make the Bank more accessible to all those who are at risk of exclusion due to their disability.

BNP Paribas Polska, a subsidiary of the Bank in Poland, offers various services in branches and online to facilitate access to financial services for the hearing or visually impaired as well as an architecture adapted for people with reduced mobility, the elderly or people with young children. These systems have enabled **75 branches to receive the “Facility Without Barriers” certificate.**

For its part, Cetelem, the BNP Paribas Personal Finance brand, has signed a partnership agreement with Handi Auto, which specialises in adapting vehicles for people with reduced mobility. Cetelem proposes to acquire a converted vehicle, or to equip an existing vehicle.

BNP Paribas Cardif, the insurance subsidiary of BNP Paribas, has developed a **specific support for temporary disabilities** in Germany, and in Taiwan, a home service to support the elderly or disabled beneficiaries in the administrative procedures for their claims.

In addition, the Group has established a partnership with the Grameen Creative Lab[4] (GCL), a consulting firm created by Professor Muhammad Yunus, Nobel Peace Prize winner, to create and develop social enterprises within BNP Paribas that meet development and social impact criteria. The GCL thus supported the launch in 2021 of **Tangata Emploi[5] by 2 female employees.** Supported initially through the People’s Lab for Good, an incubator for positive impact projects, the “intrapreneures” project was accelerated by the GCL and is now implemented by the insurer BNP Paribas Cardif. This B2B (Business to Business) platform aims to have a positive impact on the employment rate of people with disabilities.

Customers experiencing financial difficulties and the access to credit facilities

The Group acts both to facilitate access to loans and to prevent over-indebtedness, considering that the role of a responsible bank is to support its customers at all times, including during the most difficult times.

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1 *www.e-MFP.eu.*
2 *The Global Environment Facility or GEF is an international organisation whose aim is to solve the most urgent environmental problems.*
3 *https://yapu.solutions/references/meba/.*
4 *https://grameencreativelab.com/.*
5 *https://emploi.tangata.net.*

In this spirit, BNP Paribas built the **AXELLE[1] platform in 2020 to offer solutions to customers experiencing financial difficulties**. For example, Orange offers privileged access to digital services and refurbished equipment; Danone offers "basic necessities" vouchers to parents of children under three… **this offer, which initially targeted the 230,000 customers identified as financially vulnerable by French Commercial Banking, is now presented more broadly.**

On another angle, Nickel, a subsidiary of the Group, offers an unconditional account number (IBAN), a payment card, an account for everyone from the age of 12, and allows everyone, including people who have been "banned from banking", to pay and be able to be paid freely. The **Nickel offer is based on four strong values of financial inclusion**: universality, simplicity, usefulness and benevolence, welcoming all types of people, in particular **more than 150 different nationalities**. At the end of 2021, more than **2.4 million Nickel accounts** had been opened (an **increase of 26%** compared to 2020) by customers with the following characteristics**: earning less than EUR 1,500 per month (80%)**; unemployed or without regular income (33%); **living with friends (30%)** and under the age of 45 (71%). The subsidiary works with a network of more than 6,300 tobacconists in France and more than 800 points of sale (tobacconists and national lottery distribution networks) in Spain. The target is to continue development in Belgium and Portugal in 2022.

In another area, some 10% of people in Belgium between the ages of 16 and 74 have no digital skills and 30% have only limited digital skills. In this context, BNP Paribas Fortis has signed a ten-point Digital Inclusion Charter to support people with digital difficulties through a Universal Banking Service, including a minimum of 60 free manual transactions, a credit card with 24 free ATM withdrawals, and as many direct transaction orders as necessary for a maximum price of EUR 60 per year.

Lastly, BNP Paribas Personal Finance supports **victims of natural disasters caused by climate change**. In Germany, Turkey, Belgium, *etc*.: the "Fragile customers" process enabled maturity payment postponement with various assistance, postponement and advice systems.

Financial issues training

Financial education has proven to be effective in combating over-indebtedness, promoting economic development and improving the financial health of society. The majority of Group entities therefore deploy training programmes.

Given the health context, the offer for young people has been greatly developed. In particular, TEB, the Group's subsidiary in Turkey, continued in 2021 to develop the Family Academy, a programme that helps families and young people to manage a budget and better understand and use financial products and services. The aim is to increase savings and help young people, women and first-time employees through open and free programmes. The TEB academy has offered training since 2013 through collaboration with the National Ministry of Education and Unicef. TEB has also launched digital training courses since 2018, attended by more than 250,000 young people, including 10,000 in 2021.

In addition, in Ivory Coast, BICICI has set itself the task of providing financial education to retailers working in the markets in Abidjan. The digital platform is based on videos and highly graphic content, with no (or very little) text, accompanied by voice-overs available in French and Malinke to guide users, allowing a person with limited language skills to learn independently.

Economic assistance for young people, women and seniors

Several measures have been taken by BNP Paribas to accompany and support students and young people during the health crisis and beyond, including:

- in France, in conjunction with the associations hosted by L'Ascenseur such as Article 1, BNP Paribas has decided to dedicate a budget of EUR 20 million to offer **unsecured loans for scholarship students wishing to pursue high-level studies**. As of 31 December 2021, 1,200 students had benefited from this offer, for a total amount of almost EUR 10 million in loans;
- the Garantme offer (home rental guarantee), which offers a deposit, free of charge in the first year from BNP Paribas, benefited 1,000 young people in 2021;
- in Italy, children in disadvantaged neighbourhoods also suffered from a lack of education and digital access due to the Covid-19 crisis. In 2021, Wealth Management's MyImpact project helped meet their needs, by donating a share of the return on each socially responsible investment (SRI) fund to Save the Children Italia.

For women

The "**Women in Business"** programme **in Ukraine**, which enabled several hundred women entrepreneurs to obtain practical information on how to develop their businesses and networks, organised more than ten events in 2021, carried out training and best practice programmes online and supported start-up projects developed by women.

TEB, the Group's subsidiary in Turkey, has been developing its programmes since 2015 to facilitate female entrepreneurship and the creation of start-ups by women through the **TEB Women's Banking** programme.

Thus, at the end of 2021, TEB's loans to women start-ups reached Turkish Lira 2.3 billion, up by 33% compared to 2020, and enabled the creation of 66,000 companies, of which 25,000 became clients of TEB.

For seniors

The health crisis has also particularly affected seniors. In response to this challenge, BNL, the Group's subsidiary in Italy, launched in 2021 BNL Futuro Pensione (Future retirement), which helps people who have lost their job less than 36 months before their retirement to buy

[1] *Temporary difficulties? | Axelle and its partners can help you: https://axelle.bnpparibas/.*

back the necessary contributions to acquire all of their rights and, on the other hand, employees wishing to make early retirement plans up to four years in advance. This offer allows senior customers in difficult economic situations to better link with their retirement pensions.

COMMITMENT 8: COMBAT SOCIAL EXCLUSION AND SUPPORT HUMAN RIGHTS

COMBAT SOCIAL EXCLUSION

As a committed and responsible player, the fight against social exclusion, wherever the Group operates, is a priority for BNP Paribas, with two main areas of action: the integration of young people and support for regions, while participating in coalitions that promote equal opportunities.

In addition to these actions, BNP Paribas promotes skills-based volunteering to non-profit organisations involved in tackling social inclusion (see *"Good place to work" and responsible employment management*, Commitment 5).

Businesses stand together against inequality

A portion of the population is still marginalised from economic growth models. Fostering inclusive growth means enabling these people to contribute and benefit from this value creation, which above all means removing the barriers to economic inclusion they face. The Group's active participation in the ***Collectif d'Entreprises pour une économie plus inclusive*** **(Group of Companies for a More Inclusive Economy) and Business for Inclusive Growth (B4IG)** coalitions contributes to this.

In November 2021, B4IG proposed eight key indicators to take into account the social challenges of the energy transition and in early 2022, it will publish guides on inclusive purchasing policies and the promotion of diversity of origins in companies. B4IG also encourages the development of a financial ecosystem supporting investments in inclusive growth.

15 years of action on the ground: the Banlieues Project (Neighbourhoods Project) reaffirms its ambitions for the benefit of all

The Banlieues Project since 2005, in a few key figures:

- EUR 26 million dedicated by BNP Paribas to the Banlieues Project
- 900 associations supported;
- 750,000 beneficiaries, mainly located in Priority City Neighbourhoods.

Education, employment and living together are the three areas of intervention of the Banlieues Project, which in 2021 celebrated its fifteenth anniversary of action. This commitment is reflected in hundreds of local initiatives: tutoring, French and foreign language courses, literacy, fostering disadvantaged families, employability training, *etc*.

The Covid-19 health crisis has had the effect of deepening inequalities and accentuating existing vulnerabilities. This was reflected in the Banlieues Project call for projects in 2021, with a significant increase in applications received.

In this context, the BNP Paribas Foundation reaffirmed its commitment in 2021 by doubling the budget allocated to the local initiatives of the Banlieues Project, bringing it to EUR 1.2 million per year for a period of three years.

This new edition of the Banlieues Project therefore focused particularly on initiatives to combat dropping out of school, those promoting access to employment through entrepreneurship, and those offering support and training in digital tools for better digital inclusion.

In 2021, the BNP Paribas Foundation renewed its historic partnership with Afev for a period of three years and confirmed its commitment by supporting 150 new initiatives. This association fights against educational and social inequalities in schools, by mobilising a network of student volunteers who support students with academic difficulties.

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 Chairman of the Board of directors and the Group Chief Executive Officer also co-sign the statement on modern slavery and human trafficking that BNP Paribas publishes annually.

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 chosen to follow the recommendations of the United Nations Guiding Principles reporting framework.

In 2018, BNP Paribas published a **Responsible Business Relationships Charter** 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.

BNP Paribas takes part in the annual meetings and encounters of the Thun Group, bringing together representatives of 12 international banks working to integrate the United Nations Guiding Principles into the policies and practices of financial institutions. In 2021, the Thun Group's discussions focused on the just transition, the conduct of due diligence and the fight against financial crimes. BNP Paribas is also involved in the working group on human rights metrics.

Awareness-raising and training

The Group focuses on employee training and awareness-raising, which are important components 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, Businesses for Human Rights), of which BNP Paribas is a member, has been assigned to Group employees tackling human rights issues as part of their work. Available in eight languages and freely accessible to Group employees, it was updated in 2021. By the end of 2021, 93% of assigned employees had completed this online awareness-raising module on how human rights are taken into account in financing decisions. Since 2016, more than 20,000 employees have completed this training. This training programme was supplemented in 2021 by awareness-raising sessions organised for target audiences on business and human rights issues. Lastly, a Business & Human Rights newsletter is sent monthly to Group employees working on human rights issues.

Management of "salient"[1] risks as part of the distribution of products and services

BNP Paribas has identified two "salient" 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 believes that sustainable economic development promotes wider access to fundamental rights, which is why it strives to contribute to the accessibility of financial services in the communities where it operates (see *Products and services that are widely accessible*, Commitment 7).

The right to privacy

The protection of privacy remains an ethical priority of the Code of conduct. The Group continues to strengthen data protection for both its employees and its customers. In 2021, 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.

Created in 2020 within the RISK Function, the Group Data Protection Office is responsible for supporting, advising and supervising data protection activities. In 2021, and for the second consecutive year, a campaign was carried out to measure the degree of maturity in terms of data protection. This campaign covered 61 countries and 273 entities. The system, which was designed to be consistent with current regulations (broader than the General Data Protection Regulation, GDPR), is based on robust data protection standards, and two lines of defence. This system includes nine areas similar to those of the self-assessment of data protection maturity published by the French Data Protection Authority (CNIL) in September 2021, and is aligned with the level of requirements of the administrative authority.

[1] *"Salient" is the term used by the drafters of the United Nations Guiding Principles Reporting Framework.*

Key tools/themes

Available to all employees, they cover:

- 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 investigation;
- 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 protection.

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 endeavours to identify, assess (due diligence process), monitor and encourage the improvement of the current and future performance of its clients operating in sensitive sectors through the application of its investment and financing policies (see *Systematic integration and management of environmental, social and governance risks (ESG)*, Commitment 3). This system will be strengthened by the systematic ESG assessment of the Group's customers on five dimensions, including respect for human rights, as part of the credit process The objective is to roll out the ESG Assessment, initiated in 2021, to all large corporate clients by the end of 2023.

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 implement the most appropriate and thorough due diligence measures (see *Duty of Care and Modern Slavery and Human Trafficking statement*, section 7.7).

Workers' rights

The human rights criteria of financing and investment policies in sensitive sectors deal with issues related to workers' rights in particular. In addition to child labour and forced labour, workers' health and safety as well as freedom of association are assessed. These themes are also taken into account in the analysis of projects covered by the Equator Principles (see *Systematic integration and management of environmental, social and governance risks (ESG)*, 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. Since 2020, BNP Paribas has been applying the 4th version of the Equator Principles (EP4), after having actively participated in the process of updating them. 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.

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, at the end of 2020, serious human rights violations occurred in the stores of a large retailer operating in South America. As a result, BNP Paribas placed the company on its monitoring list and engaged it on the issue of human rights. Regular meetings were organised during the first half of 2021 between the client's management teams and BNP Paribas' CSR specialists, to monitor the implementation of a corrective action plan. Within a few months, the client initiated and implemented actions tackling the direct and structural causes of the above-mentioned violations, which led to its removal from the monitoring list.

COMMITMENT 9: CORPORATE PHILANTHROPY POLICY FOCUSED ON SOLIDARITY, THE ENVIRONMENT AND THE ARTS

The BNP Paribas Foundation has been a major player and expert in corporate philanthropy since 1984. Wherever the Bank is present, it leads and coordinates the international development of the Group's sponsorship, its ten international foundations and its endowment fund.

The BNP Paribas Foundation is part of a philanthropy approach guided by two strong focuses: innovation and societal challenges, in favour of impactful projects dedicated to solidarity, the environment and the arts (see also *Advance awareness and sharing of best environmental practices*, Commitment 12).

In 2021, BNP Paribas dedicated EUR 53.5 million for its activities in favour of the general interest, divided into three areas of action:

- 75.8% for solidarity;
- 12.7% for culture;
- 11.5% for the environment.

In a context where the consequences of the health crisis have deep consequences, BNP Paribas is stepping up its support to serve the general interest by increasing its budgetary contribution by 13.8%, with EUR 53.5 million in 2021 compared to EUR 47 million in 2020, excluding the Covid-19 plan.

With the exception of the "culture" field of action, for which health restrictions did not allow a full recovery in activity, solidarity and environmental actions have seen an increase in support, thanks to major programmes including the "Climate & Biodiversity Initiative" programme, led by the BNP Paribas Foundation and a pioneer in environmental sponsorship.

SOLIDARITY

Supporting equal opportunities, promoting social inclusion and employee commitment are the three pillars that structure the Foundation's actions in terms of solidarity.

Fostering equal opportunities

Through numerous partnerships, the BNP Paribas Foundation supports future generations and the roll-out of education programmes, notably in 2021:

- **Dream Up: education through art**

Deployed in 29 countries and created in 2015 by the BNP Paribas Foundation, Dream Up is an international artistic education programme for children from disadvantaged backgrounds. In 2021, due to Covid-19, some structures continued their support using online means;

- **associations that work for equal opportunities in education**

In 2021, the Foundation entered into new partnerships by capitalising on the positive feedback from the solidarity actions that the Group's various entities and business lines have carried out in recent years with six key players: Article 1, the *Institut de l'Engagement* (Engagement Institute), *Cravate Solidaire* (The Solidarity Tie), *Le Choix de l'École* (Choosing School), *Viens Voir Mon Taf* (Come and See My Job) and *Bibliotheques Sans Frontieres* (Libraries Without Borders);

- **international community initiatives**

Since 2018, the Group has supported the South African programme of the NGO **Whitaker Peace & Development Initiative (WPDI)**, which enables young women and men from disadvantaged neighbourhoods to take on the role of ambassadors for peace and entrepreneurs in their community. In 2021, an agreement was reached with the NGO to extend the partnership to three other countries by 2023.

Supporting the most vulnerable: young people and women, hardly hit by the health crisis

Young people

Noting the serious and worrying consequences of the pandemic on young people (precariousness, dropping out of school, isolation, loss of reference points, *etc*.), in September 2021 the BNP Paribas Foundation launched a **Youth Solidarity Plan** of EUR 500,000 by supporting 14 associations, in direct contact with young people, around three focuses: educational continuity, precariousness, psychological and physical distress.

This Youth Plan has made it possible to respond to societal and environmental alerts and challenges sometimes identified by local teams (example of the Solfa association identified by the Lille teams).

The Foundation was able to react to the new vulnerabilities created by the pandemic, such as the increase in underage prostitution (Solfa), the food insecurity of young people (*Banlieues Santé*), and self-censorship (*Moteur*).

This Youth Plan was used as an impactful tool to consolidate a grid and increase a network that will in part be perpetuated.

Women

The lockdowns have accentuated the violence and precariousness that a growing number of women face.

In 2021, the BNP Paribas Foundation wanted to reaffirm its support for women with associations whose solidarity and awareness-raising actions help to combat the difficulties that particularly affect them. Access to healthcare, housing and basic necessities, and the fight against violence against girls and women are the main pillars of the BNP Paribas Foundation's support for SOLFA, *Résonantes, Règles élémentaires* (elementary periods), *Agir pour la Santé des Femmes* (ADSF, act for women's health). The Foundation also supports the *Samu social de Paris*' programme of baths and showers dedicated to homeless women as well as the Salvation Army's *Terres de Femmes* (Earth of Women) integration programme. Finally, it has become a permanent partner of the *Fondation des Femmes* (Women's Foundation).

Accelerating social inclusion

In 2021, BNP Paribas renewed for three years, from 2022 to 2024, its sponsorship programme launched in 2015, to promote the integration of refugees in Europe with the same objective: whether they are minors or adults, to enable them to learn the language of the host country to better integrate, find professional training, return to school, be supported, be coached, gain autonomy and find a job.

To contribute to this, the global philanthropy programme led by the BNP Paribas Foundation made it possible, in 2021, to fund up to EUR 1.5 million for charity programmes by 27 associations in ten European countries (Germany, Austria, Belgium, Spain, France, Italy, Luxembourg, Poland, Switzerland and the United Kingdom).

Fostering employee commitment

In addition to its actions in favour of skills-based volunteering (see *A learning company offering dynamic career management*, Commitment 6), BNP Paribas provides financial support to those of its employees who choose to make a personal commitment to serve the general interest, in particular through two mechanisms:

Help2Help

Since 2003, the BNP Paribas Foundation has supported projects carried out by BNP Paribas employees in France that are involved in solidarity associations in their free time. In 2021, this programme, rolled out in around twenty countries, supported the projects of 180 associations thanks to an endowment of EUR 657,000.

Rescue & Recover Fund: nine years of humanitarian aid

The Rescue & Recover Fund makes it possible to react quickly and effectively worldwide in the event of a humanitarian or environmental disaster. This fund collects donations from employees, customers of French Commercial Banking and retirees of the *Amicale des Retraités* (ADR) Group, and matches the amount of their donations to finance the projects of four NGO partners: Doctors without Borders (MSF), CARE, the French Red Cross and International Fund for Animal Welfare (IFAW). In nine years, more than EUR 6.4 million has been used to finance tangible actions on the ground.

In 2021, the Rescue & Recover Fund mobilised to provide its support during four major crises: in the spring in India, then in the grip of the violent Covid-19 health crisis, in Germany, Belgium and Luxembourg, following the exceptional floods in July, in Haiti in response to the damage caused by the earthquake in August, and finally in Louisiana in September, in the face of the consequences of Hurricane Ida.

On the occasion of World Generosity Day in November 2021, the Rescue & Recover fund organised its annual campaign to collect donations to support the fight against violence against women through three projects in Latin America, France and Kenya.

In total, nearly EUR 1.3 million were donated to NGO partners in 2021, an increase compared to 2020, which was an historic record.

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, jazz and new circus arts.

The BNP Paribas Foundation and jazz, 25 years of loyalty and passion

In 2021, the BNP Paribas Foundation celebrated its 25th anniversary of supporting jazz: more than 30 artists and groups benefited from it, as well as around thirty French and international festivals and institutions. These 25 years of loyalty were celebrated on 7 October 2021 with a unique solidarity concert at the Trianon, bringing together 30 artists on stage and 800 spectators, for the benefit of the Abbé Pierre Foundation, and broadcast on France Musique.

Inventing the dance of tomorrow, revisiting the dance of yesterday

Numeridanse, of which the BNP Paribas Foundation has been a partner since the beginning, is a library of video content of artistic performances in dance, created in 2011 by the *Maison de la Danse* (House of Dance) in Lyon. It celebrated its 10th anniversary in 2021 with an emblematic sponsor, **Cédric Klapisch**, who gave a masterclass entitled "*Cadrer l'incadrable*" (Framing the unframeable). The year 2021 was also marked by the return of the Dansathon, a true dance hackathon, an event initiated and supported by the BNP Paribas

Foundation. Combining artistic and technological creation, this event was an opportunity to reflect on contemporary concerns such as ecology and social inclusion.

7.5 Our environmental responsibility: accelerating the ecological and energy transition

In the environmental field, the Group's priorities are as follows:

- financing of the energy transition has been a priority for BNP Paribas since 2011, when the Group chose to contribute to the fight against climate change, notably by supporting renewable energies, energy efficiency, sustainable mobility and low-carbon hydrogen;
- increasing its actions to help preserve the terrestrial and marine biodiversity;
- contributing to the development of the circular economy, by supporting large companies and players in the social and solidarity economy, and by proposing specific offers related to the circular economy.

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 objective of a net zero world in 2050;
- **Commitment 11:** reduce the environmental impacts of our operations;
- **Commitment 12:** advance awareness and sharing of best environmental practices. The Group contributes towards building collective knowledge and awareness, involving its stakeholders in this process. It is in fact convinced that the energy and environmental transition can only succeed if stakeholders work together to bring about the necessary transformation of society as a whole.

The year 2021 was marked by new contributions giving concrete form to BNP Paribas' commitments to support its clients in the fight against climate change:

- the Group joined the Net Zero Banking Alliance and its subsidiaries BNP Paribas Cardif and BNP Paribas Asset Management joined the Net-Zero Asset Owner Alliance and the Net Zero Asset Managers Initiative respectively (see *BNP Paribas' public positions*, section 7.1 and *Financing and investments with a positive impact*, Commitment 1);
- BNP Paribas has created the Low-Carbon Transition Group, which will eventually include around 250 professionals, to support its international corporate and institutional clients in accelerating their transition to a sustainable and low-carbon economy;
- financing for renewable energies reached an amount of EUR 18.6 billion;
- BNP Paribas and the Solar Impulse Foundation launched the BNP Paribas Solar Impulse Venture Fund. Managed by BNP Paribas Agility Capital, this fund will invest EUR 150 million in start-ups with high potential and committed to the ecological transition.

In terms of biodiversity and the circular economy:

- the Group has published a position on the preservation of biodiversity, has strengthened its policy to limit deforestation, in particular through its financing to producers and traders of beef and soybeans from Brazil, has made new commitments within the Act4nature initiative, while two of its experts are members of the Taskforce on Nature-related Financial Disclosures (TNFD);
- BNP Paribas Asset Management launched a thematic fund on biodiversity, BNP Paribas Ecosystem Restoration (after the launch of a fund dedicated to the circular economy in 2019);
- the Bank increasingly offers its customers green bonds and Sustainability-Linked Loans (SLL) related to the circular economy and biodiversity, alone or in partnership; in the circular economy, BNP Paribas Personal Finance acquired a minority stake in Evollis, a digital platform that manages the take-back of second-hand products, and BNP Paribas Cardif joined forces with Back Market to launch an insurance for refurbished mobile phones, tablets and laptops.

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

At the end of 2021, the amount of financing for the renewable energy sector was EUR 18.6 billion; thus, the Group reached its target of EUR 18 billion.

Among the achievements at end 2021, BNP Paribas was co-arranger and co-coordinator for the syndication of the Vineyard Wind project in the United States, the first large-scale offshore wind project in this country with a capacity of 800 MW (corresponding to the needs of more than 400,000 households), located off the coast of Martha's Vineyard in Massachusetts.

In China, BNP Paribas has played several key roles (including Lead Arranger) in the implementation of the TESS joint venture between TotalEnergies and Envision Energy, a Chinese renewable energy company, which aims to install 170 MW of photovoltaic panels on roofs in the country.

A major player in green bonds

In 2021, BNP Paribas was ranked 2nd global player in the green bond market by Dealogic (and number one in EMEA), with EUR 22 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 2021:

- BNP Paribas was co-bookrunner of the UK's Green Gilt, the largest green bond issued by a government with GBP 12 billion, aimed at accelerating the country's transition to carbon neutrality in 2050;
- the Group was also involved in the first green bond related to the protection of biodiversity issued by Bank of China, including, in particular, the restoration of wetlands and the sustainable management of forests.

A key actor in the market of sustainability-linked loans

In 2021, BNP Paribas played a key role in a large number of Sustainability-Linked Loans (SLL) including environmental criteria, on a variety of themes and in many countries. Two examples illustrate this:

- BNP Paribas was the arranger and co-bookrunner for the refinancing and conversion into euros of the SLL issued by the Mexican cement company Cemex, indexed on three indicators: reduction in net CO_2 emissions per tonne of cement produced, increase in the share of green electricity in the cement manufacturing process, increase in the share of alternative fuels in this same process;
- the Group was also joint sustainability coordinator in Coles Group Limited's AUD 1.3 billion SLL, indexed on indicators including: reduction of greenhouse gas emissions and reduction of waste sent to landfill. This SLL is the first to be issued by an Australian retail trade company.

Financial innovation supporting the transition

In addition to bonds and loans, BNP Paribas is innovating by gradually integrating environmental criteria into its entire range of financial products.

Since 2015, BNP Paribas has launched a range of indices taking into account ESG criteria on various themes such as climate, water and diversity. At the end of 2021, outstandings on these ESG indices amounted to EUR 5.3 billion. These investment solutions offer financial returns to investors while supporting advanced ESG companies, for example those that demonstrate solid Corporate governance or a robust energy transition strategy.

BNP Paribas also acted as co-coordinator and bookrunner in the granting of the first "Transition Export Development Guarantee" issued by the United Kingdom, for Wood PLC. This mechanism aims to finance companies in their transition to carbon neutrality *via* green energy, low-carbon hydrogen and decarbonisation.

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 uses the voting rights it has in many companies to help adopt resolutions in favour of the energy transition (see *Integration of ESG criteria into asset management*, Commitment 1).

Globally, BNP Paribas Asset Management is recognised as one of the most proactive asset managers in this area. Thus, the 2021 edition of the "Voting Matters" study by the British NGO ShareAction places BNPP Asset Management in 2nd place in the ranking of asset managers most active in the use of voting to promote environmental and social issues, with a rate of 98% in favour of the ESG resolutions assessed. BNP Paribas Asset Management has also confirmed its place in the top ten worldwide of the RIBI ranking in 2021, which assesses the asset management sector on its commitment as a responsible investor and on the ability of asset managers to translating this commitment into the heart of their business.

Thematic funds dedicated to the energy and ecological 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.

In 2021, BNP Paribas Asset Management paid particular attention to biodiversity, notably by launching the BNP Paribas Ecosystem Restoration thematic fund, which invests in companies committed to the restoration and preservation of global ecosystems and natural capital. This fund strengthens BNP Paribas Asset Management's range of environmental strategies and confirms its leading role in sustainable themes.

BNP Paribas Asset Management and CDP created a partnership in 2021 to study and support the development of a standard reporting framework for companies on biodiversity, accelerating action to promote nature conservation in the private sector.

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.

The creation of the Low-Carbon Transition Group

In 2021, BNP Paribas created the Low-Carbon Transition Group, a dedicated internal organisation to support its international corporate and institutional clients in accelerating their transition to a sustainable and low-carbon economy. One hundred new hires will be added to reach a team of 250 professionals. This system will provide its customers with the Group's banking and non-banking expertise, particularly in terms of clean energy, mobility and eco-responsible real estate.

Support for the development of more sustainable mobility

Supporting the development of more sustainable mobility is a major focus for BNP Paribas as part of its strategic plan for 2022-2025, and concerns many of the Group's business lines.

In 2021, Arval, the Group's vehicle leasing and sustainable mobility specialist, launched new services as part of its strategic plan Arval Beyond, with one main ambition: to become a major player in sustainable mobility thanks to the deployment of its 360° Mobility offer. In addition to the rental of bicycles in eight countries, these new services are the Mobility Hub, which brings together the shared mobility options available on the premises of Arval's client companies; the Arval Shared Mobility App (available in France, Germany and the Netherlands), which allows employees to choose the mobility option best suited to their journey with a single click; and Arval Mobility Consulting, an approach offered in 11 European countries, to support its clients in the development and implementation of their new mobility policies.

At the same time, Arval has raised its targets and is now targeting 700,000 electrified vehicles in the leased fleet by 2025, and a reduction in CO_2 emissions by 35% for this fleet compared to 2020.

In 2021, BNP Paribas Personal Finance took two initiatives to promote access to more sustainable mobility: the implementation of a platform to help choose an ecological vehicle, the Green Car Simulator; and the creation of a financing offer at favourable rates for modest households wishing to equip themselves with a low-emission vehicle.

BNP Paribas Leasing Solutions financed the electrification, carried out by Arval, of the fleet of vehicles at the Arcelor site in Ghent, Belgium.

BNP Paribas supports the automotive industry in the transition to electrification. The Group was involved as Active Bookrunner & Joint Structuring Agent in the issue of a USD 2.5 billion green bond from the car manufacturer Ford, dedicated to sustainable mobility and electric vehicle manufacturing projects; and as exclusive financial advisor in the investment of EUR 700 million by Ionity, a consortium of fast-charging stations set up by five major European carmakers.

Lastly, the Group contributes to the financing of public transport networks such as the Panama metro, whose expansion will avoid 20,000 tonnes of CO_2 emissions annually and support the country's ambition of carbon neutrality by 2050.

Support for the deployment of the circular economy

In 2021, the following are notable achievements in BNP Paribas' support for the development of the circular economy:

- the announcement by BNP Paribas Personal Finance of a minority stake in Evollis, a digital platform for the subscription and management of long-term leases for capital goods, which also manages the take-back of used products;
- the partnership of BNP Paribas Cardif with Back Market, the leading marketplace for refurbished products, and insurtech i-surance, to launch insurance for refurbished mobile phones, tablets and laptops in France, Spain, Italy and Germany. BNP Paribas Cardif wants to make insurance more accessible to buyers of refurbished devices and encourage an eco-responsible approach to the circular economy;
- BNP Paribas Asset Management's offer to investors of a range of investment products related to the circular economy: the ETF (listed fund) BNP Paribas Easy ECPI Circular Economy Leaders UCITS ETF, as well as several unlisted index funds. Assets related to this thematic range on the circular economy amounted to EUR 665 million at the end of 2021, demonstrating the attractiveness of this subject for investors (individuals and professionals).

Responsible real estate for companies

BNP Paribas Real Estate continued its efforts to reduce the greenhouse gas emissions of its products and services by publishing its low-carbon commitments, covering construction materials and equipment used in real estate projects as well as the energy consumption of buildings constructed, renovated, managed and occupied. These commitments also include levers to help our business partners reduce their emissions.

BNP Paribas Real Estate contributes to the development of timber construction. Thus, in 2021, BNP Paribas Real Estate delivered its first wooden housing building, the ENVOL (92 housing units and 250 m2 of retail space), in an operation that obtained the "Low Carbon Building (BBCA)", "NF Habitat, a committed player" and "Construction certified to the RT2012 level -10%" labels, and launched the construction site for Inspire (delivery expected in 2024), the first timber-frame building in La Défense (combining 22,000 m2 of offices, 2,500 m2 of shops and multiple services on seven levels). With a planted roof terrace of 1,500 m2 and a landscaped area at the foot of the building open to the neighbourhood, it is aiming for triple environmental certification (HQE Sustainable Buildings, BREEAM and OSMOZ) and three labels (E+C- with a level E2C1, BBC Effinergie and BiodiverCity).

Support for the development of low-carbon hydrogen

The Group considers low-carbon hydrogen as one of the components necessary for the emergence of a global energy system compatible with the ambition of the Paris Climate Agreement. Significant achievements in 2021 illustrate its support for the boom in this energy vector:

- in 2021, the BNP Paribas Asset Management fund "BNPP Energy Transition Fund" invested in GenCell energy, a company that develops off-grid generators running on hydrogen;
- Portzampac, a BNP Paribas subsidiary, helped two French companies to raise funds in 2021 to develop their business. The first, HRS, specialised in the design and installation of hydrogen charging stations; the second, HDF Energy, combines electricity production by photovoltaic power plants and hydrogen storage, whether in the context of off-grid generators or for larger-scale plants;
- the CEOG Renewstable® power plant in French Guiana will be the first in the world to combine photovoltaics and hydrogen to offer a stable and controllable supply of low-carbon electricity. BNP Paribas provided the main portion of the EUR 170 million invested jointly with Meridiam, HDF Energy and SARA (Rubis Group).

On the demand side, BNP Paribas Leasing Solutions and BNP Paribas CIB completed the first long-term leasing of trucks, offered by Hyundai, running on hydrogen produced by hydroelectricity.

SUPPORTING OUR INDIVIDUAL CUSTOMERS IN REDUCING THEIR CARBON FOOTPRINT

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 Bank also takes initiatives to help its customers finance the purchase of less polluting vehicles.

Raising the awareness of individual customers about their carbon footprint

The Group has launched several applications to help its customers assess their carbon footprint and become a player in reducing it. In France, CPBF has deployed the *Mon Empreinte Carbone* (My Carbon Footprint) application with the French start-up Greenly on the MaBanque BNPP and Hello bank! mobile applications to enable customers to estimate the carbon footprint of their spending. At Findomestic in Italy, a credit card application was set up, in partnership with the Swedish firm Doconomy. In Poland, BNP Paribas Bank Polska offers a multi-bank expenditure management tool, GreenUp, which helps its customers to reduce their greenhouse gas emissions and raises awareness of the use of water related to the products purchased. In Ukraine, a partnership with Mastercard enables Ukrsibbank's customers to offset the greenhouse gas emissions linked to their expenses through tree planting programmes. Lastly, with Arval, companies with long term vehicle rental contracts can visualise the environmental impact of their journeys.

Loans to individuals to support the energy renovation of homes and more sustainable mobility

In the various countries where it operates, the Group supports its customers in carrying out energy audits and renovating their homes. French Commercial 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 works. In November 2021, the volume of Energibio loans doubled compared to 2020.

Also in France, BNP Paribas Personal Finance is continuing its alliance with EDF in Domofinance, one of the only two players in France offering an energy renovation loan solution adapted to condominiums. In Paris, Domofinance supported a EUR 12 million multi-building renovation with the aim of halving its energy consumption. BNP Paribas Personal Finance has also developed offers in the United Kingdom and the Czech Republic to support clients in their renovation projects.

In Belgium, BNP Paribas Fortis is the first bank in the country to collaborate with the independent foundation Energy Efficient Mortgage Label, whose European label validates the ecological purpose of the green home loans granted, and gives entitlement to an advantageous interest rate. At the end of 2021, these green loans amounted to EUR 3.57 billion, taking into account the latest interpretations of the European Taxonomy.

In the field of sustainable mobility, the BNP Paribas Personal Finance subsidiary, which specialises in consumer credit, is developing innovative offers to help its customers acquire more environmentally-friendly goods, including charging stations for electric vehicles.

In Luxembourg, BGL BNP Paribas offers a green mobility loan: a personal loan with an advantageous interest rate to finance the purchase of a plug-in electric or hybrid car, the installation of a home charging station and assistance with obtaining the state bonus.

CONTRIBUTING TO PROTECTING BIODIVERSITY

For several years now, BNP Paribas has made a voluntary commitment to protecting biodiversity, through initiatives focusing on its “indirect” impacts, linked to its financing activities, where the most significant issues are, and on its “direct” impacts (see *Measures to combat deforestation and protect biodiversity*, Commitment 3 and *Preserving biodiversity at Group sites*, 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 2021, the Group strengthened its contribution to the fight against deforestation in the Amazon and Cerrado, by adopting new criteria. They encourage its customers producing or purchasing beef or soybeans from the Amazon and Cerrado in Brazil, to become “zero deforestation” and to demonstrate their progress transparently. Specifically, BNP Paribas will only provide financial products or services to companies (producers, meat packers and traders) with a strategy to achieve zero deforestation in their production and supply chains by 2025 at the latest. These commitments were, among others, recognised by the NGO Global Canopy, which in January 2022 ranked BNP Paribas at the top of 150 financial institutions in its Forest500 ranking.

Support for customers in taking into account their impacts on biodiversity

In 2021, BNP Paribas took part in a growing number of green bonds and SLLs with criteria related to biodiversity (see *A major player in green bonds*, Commitment 10). The Group has set itself a funding target of EUR 4 billion, over the period 2019-2025, for companies contributing to the protection of terrestrial and marine biodiversity.

At the same time, BNP Paribas Real Estate continued to develop the way in which it takes biodiversity into account in its activities by participating in the pilot version of the BiodiverCity Life certification for buildings in operation. The evaluation according to this label of its

[1] *For more information: https://group.bnpparibas/en/group/at-the-service-of-our-clients-and-society/supporting-transitions/financing-and-investment-policies.*

current head office in Issy-les-Moulineaux is also serving as a pilot project and enables BNP Paribas Real Estate to offer its clients management support and participation in obtaining this new label.

Publication of a position and voluntary commitments on biodiversity conservation

In May 2021, the Group published a public position on the preservation of biodiversity[1]. This document reaffirms BNP Paribas' support for the work of the IPBES, recalls its past and recent commitments and presents its actions in response to the following threats:

- changes in land and sea use: the Group focuses on combating deforestation and the artificialisation of soils;
- direct exploitation of organisms: BNP Paribas supports actions that minimise the consumption of resources and protect the oceans;
- climate change: this has been a priority of the Group's environmental policy since 2011;
- pollution, particularly from plastic and cigarette butts.

As part of the Act4nature voluntary initiative, an alliance created in 2018 between companies, public authorities, scientists and environmental associations with the aim of creating a collective international dynamic to protect, enhance and restore biodiversity, in 2021 the Group took on new commitments by 2025:

- reach a target of EUR 3 billion in funding linked to criteria relating to the protection of terrestrial biodiversity (positive impact loans, green bonds, *etc*.);
- assess all of its corporate clients on biodiversity-related criteria by 2025;
- dialogue with its customers active in commodities and in sensitive countries, asking them to demonstrate their commitment to combating deforestation;
- roll out training programmes on biodiversity protection for all employees.

In addition, BNP Paribas has decided to dedicate a new investment budget of EUR 55 million to the protection and restoration of natural capital.

Finally, the Group, which is 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, for example, by supporting Liquified Natural Gas (LNG) dual fuel motorisation projects. A funding budget of EUR 1 billion by 2025 has been committed for this purpose in 2019.

Support for biodiversity restoration and reforestation

While it is a priority to combat deforestation, it may also be relevant in certain cases (*i.e.* when it is possible to ensure that projects ensure the sustainability of plantations and respect for biodiversity and the well-being of local communities) to carry out reforestation actions. Since September 2019, BNP Paribas has combined the marketing of certain structured products indexed to an ESG thematic index with the planting of trees, as well as other actions to preserve biodiversity, notably in France, Luxembourg and Italy. At the end of 2021, almost 2.5 million trees had been planted thanks to the Group's support.

COMMITMENT 11: REDUCE THE ENVIRONMENTAL IMPACT OF OUR 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.**

With regard to the impact of digital technology, BNP Paribas' ambition is to work across the entire life cycle, focusing on three areas: deepening the measurement of the Group's digital footprint, deploying a Green IT sourcing policy, and raising awareness among all its stakeholders. In 2021, a calculation methodology was developed and should make it possible to conduct an initial assessment of the Group's digital footprint in 2022. Dedicated meetings with strategic suppliers have been organised and the level of requirements has been strengthened. In addition, BNP Paribas has taken part in several inter-company communities of interest on sustainable digital issues and has organised numerous internal communications aimed at raising employee awareness, including, for example, a Digital Cleaning Week, in which many teams in 34 countries around the world took part.

ONGOING EFFORTS TO SAVE ENERGY AND IMPROVE ENERGY EFFICIENCY IN OUR OPERATIONS

In 2021, the Group continued its efforts to reduce the environmental footprint linked to its own operations. The results obtained this year were strongly impacted by the effects of the global health crisis. Nevertheless, BNP Paribas has pursued numerous initiatives that help reduce energy consumption and thus reduce its greenhouse gas emissions.

The Group's travel policy has been reviewed and strengthened by recommending, whenever possible, the train instead of the plane for short trips.

[1] *https://cdn-group.bnpparibas.com/uploads/file/biodiversity_position_2021.pdf.*

Similarly, paper and water consumption are closely managed and monitored, as are the volumes of waste produced and the optimisation of their recycling.

New **quantitative targets for 2025** were set during this year. They concern the reduction of greenhouse gas (GHG) emissions, paper consumption and the proportion of responsible paper. For 2025, the objective is to reach 1.85 teq CO_2 *i.e.* a reduction of 25% compared to 2018. The qualitative objective concerning the improvement of waste information has been maintained.

Detailed environmental reporting

The Group's environmental reporting concerns nearly fifty indicators and is organised by the BNP Paribas CSR Department and is based on regulations and stakeholder expectations (rating agencies, investors, NGOs, *etc.*).

The scope of this reporting covers the 20 countries[1] where the Group has its strongest sites in terms of employees and therefore environmental impact. This scope covers 90.9% of the Full-Time Equivalent (FTE) workforce managed by the Group at 31 December 2021. The results obtained for this scope are then extrapolated to cover all of BNP Paribas and are presented in this chapter.

The reporting period is 12 months from 1 October 2020 to 30 September 2021, as data collection, processing and verification times do not allow for reporting on a current calendar year.

The environmental data used for the indicators included in Commitment 11 are provided by the property management of our own buildings and general resources departments (energy, water, waste), by the departments responsible for procurement (paper and business travel by plane and train) as well as by Arval and Group HR (business travel by car).

To calculate greenhouse gas emissions, the Group uses emission factors from the IEA (International Energy Agency – version 2019).

An internal protocol, reviewed and communicated each year to all employees contributing to this reporting, sets out the framework and procedures for carrying out BNP Paribas' environmental reporting. In 2021, 54 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.

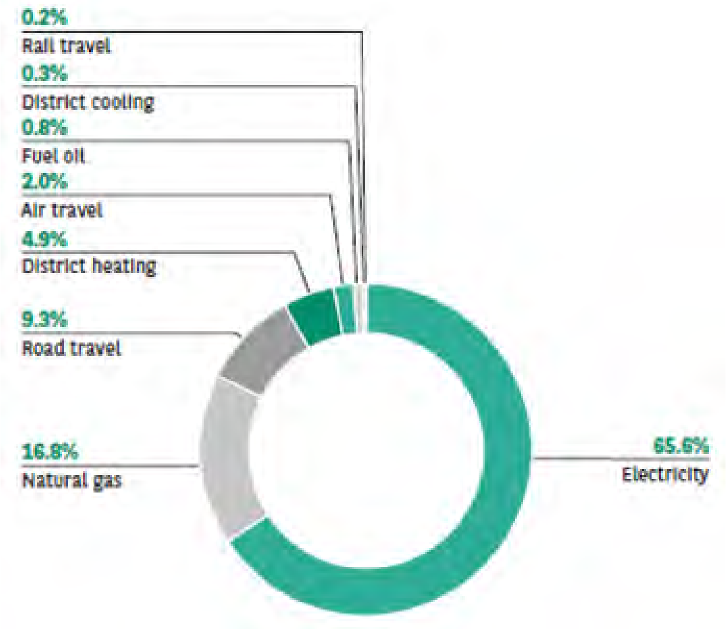
➤ SITUATION OF THE MAIN ENVIRONMENTAL INDICATORS AT 31 DECEMBER 2021

Indicators	2012	2018	2019	2020	2021	2025 Objectives
Greenhouse gas emissions *(teq CO_2/FTE)*	3.21	2.45	2.32	1.85	1.50	1.85
Paper consumption *(kg paper/FTE)*	165	97	86	58	49	70
Share of sustainable paper *(in %)*	43.5	62.5	71.3	74.6	78.7	

GHG emissions are measured by converting the energy consumed in buildings and employee business travel into tonnes of CO_2 equivalent (teq CO_2, including all six greenhouse gases covered by the Kyoto protocol). 88.5% of these emissions come from the energy consumption of buildings and 11.5% from business trips. Three levers are used to reduce them: the energy efficiency of buildings, IT equipment and optimising business travel. In 2021, the Group's total emissions amounted to 284,430 teq CO_2 broken down as follows:

[1] *Belgium, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japon, Luxembourg, Morocco, Poland, Portugal, Singapore, Spain, Switzerland, Turkey, Ukraine, United Kingdom and United States.*

➤ **BREAKDOWN BY TYPE OF GREENHOUSE GAS EMISSIONS**



➤ **BREAKDOWN OF THESE EMISSIONS BY SCOPE OF GHG/ISO PROTOCOL IN TEQ CO_2**

Note: through its activities, the Group is not a significant source of noise pollution or any other specific pollution.

Numerous environmental and commitment certifications

In 2021, BNP Paribas had 19 ISO 14001 environmental certifications under way, involving more than 75,000 employees, *i.e.* 39.5% of BNP Paribas' workforce, demonstrating the renewed commitment of the property management business lines (France and Belgium), IT assets (France, Belgium, Italy, Great Britain), leasing (France), and long-term leasing (France), long-term leasing of company vehicles or financing of housing, individuals and cars (France).

More broadly, at the end of 2021, the Group also holds the Responsible Digital Label (INR), the Diversity & Inclusion Label (AFNOR), and the Supplier Relations and Responsible Purchasing Label (Corporate Mediation).

Efforts recognised by third parties

All of these initiatives enabled the Group to obtain in 2021 and for the eighth consecutive year, an A- rating on the climate from the CDP, placing BNP Paribas in the Leadership category. The Group also achieved scores of 95/100 and 100/100 respectively in the environmental areas of Climate Strategy and Environmental Reporting according to the extra-financial rating agency SAM (Standard & Poor's), which places BNP Paribas in the top 1% of the banking industry in the SAM Corporate Sustainability Assessment 2021, on the Environment pillar.

These results demonstrate the quality and transparency of the Group's environmental reporting.

The impacts of the pandemic on greenhouse gas emissions

The continued Covid-19 pandemic in 2021 had significant effects on the Group's direct environmental impacts. As already observed in 2020, the periods of strong incentives for remote working by the authorities in many countries, as well as an extension of the rules for remote working within the Group, resulted in a limited staff presence in the Group's buildings. Similarly, there has not yet been a return to pre-pandemic business travel, particularly for international flights. As a result, there will be a significant continued reduction in GHG emissions related to the Group's operating scope in 2021. For FTE emissions, the decrease is 16.6% compared to 2020, a year that had already recorded a decrease of 20% compared to 2019.

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 26,300 teq CO_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 62,000 teq CO_2 would have to be included.

USE OF LOW-CARBON ELECTRICITY

For several years, the Group has sought to increase its consumption of low-carbon electricity in all countries where this is possible to reduce its environmental impact. **Renewable electricity** accounted for 37% of the Group's total electricity bill in 2021. It came either from purchase of renewable electricity certificates, or from direct consumption of renewable energy produced by the Group's buildings. For example, the roofs of the BNP Paribas Fortis logistics building in Brussels are now equipped with photovoltaic panels that produce an average of 314,000 kWh per year, the equivalent of the annual electricity consumption of 90 households. The total production of green electricity by BNP Paribas in Belgium now corresponds to an annual consumption of around 140 households.

This commitment is strengthened with the introduction of exclusively renewable electricity purchase contracts (PPA). For example, Poland has used such a contract for 100% of its electricity supply since January 2021 and a second contract of this type is planned for 2022 in another European country. Overall, **low-carbon electricity** represented 77% of the total consumed and the **consumption of renewable energy** is 27% of the total energy consumed[1].

OFFSETTING RESIDUAL GREENHOUSE GAS EMISSIONS

Within its operating scope, BNP Paribas **annually offsets residual GHG emissions** issued the previous year for the entire Group. Taking into account the additional purchases of low-carbon electricity, these emissions amounted to 213,911 tCO_2 in 2020. These emissions were offset in 2021 *via* the following four projects:

- the **Kasigau project**, supported by the Group since 2017, is a programme to **preserve** and **restore** 200,000 hectares of **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, which will improve the living conditions of nearly 70,000 people in the state of Madhya Pradesh in **India** *via* the **construction of 13,000 biodigesters** producing methane, thus avoiding cooking over wood fires and deforestation.

Two other projects were selected:

- a major initiative for the restoration and conservation of **tropical peatlands** in **Indonesia** led by the Indonesian company PT. Rimba Makmur Utama and covering more than 150,000 hectares of swamp forest located in Central Kalimantan;
- a project implemented in **Peru** by the local NGO ITYF and coordinated by the social enterprise MICROSOL. It helps to fight against child malnutrition by implementing **improved cooking stoves** (ICS) as well as dry toilets, drinking water systems, *etc.* More than 140,000 families benefit from this high-performance cooking system, which considerably limits the amount of wood used for cooking and thus contributes to the **fight against deforestation**.

BIODIVERSITY AND CIRCULAR ECONOMY ACTIONS

Preserving biodiversity and developing the circular economy at Group 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.

Furniture management for employees was reviewed by IMEX with a view to the circular economy. In 2021, projects in Ile-de-France (France) saw reuse rates of up to 83%.

Several initiatives to develop **urban vegetable gardens and beehives run directly by employees** are developing in different countries where the Group operates (France, Belgium, Luxembourg, Poland, United Kingdom).

In addition, BNP Paribas promotes a less meat-based diet among its employees (animal husbandry is a significant factor affecting biodiversity and a major emitter of greenhouse gases): for example, in France, the vast majority of the Group's company restaurants offer a daily vegetarian menu.

[1] *On total energy consumption of 1,170.7 GWh in 2021.*

Control of **water consumption** through various management actions (prevention of possible leaks, modernisation of valve equipment) is also sought. In 2021, the Group's total water consumption was 3,455,113 m3 corresponding to 18.2 m3/FTE.

Promoting sustainable mobility for employees

To promote sustainable employee mobility, in addition to the financial incentives already mentioned, employees with a company car are encouraged to opt for 100% electric or hybrid vehicles when renewing their vehicles. At the end of 2021, the share of these vehicles represented 16.8% of the Group's internal fleet, a significant increase of 92% compared to 2020.

For its part, IMEX is pursuing a policy of installing equipment to facilitate the use of sustainable mobility for employees. In addition, BNP Paribas SA decided to set up an experiment in 2022 for a "sustainable mobility package" intended to promote and support employees' commuting by bicycle.

Responsible procurement and waste reduction

In order to contribute to the protection of forest ecosystems and biodiversity, the Group has been committed for many years to responsible paper purchasing. When its paper policy was updated in 2021, the purchase and, therefore, the use of responsible paper (from recycling or sustainably managed forests, *i.e.* more than 50% recycled or PEFC or FSC certified) has become **an obligation for all Group business lines**. In 2021, the share of responsible paper was 79%.

Concerning **paper consumption**, the reduction target was set at 70 kilos/FTE for 2025. This consumption was 9,363 tonnes in 2021.

In addition, the Group is committed to improving the proportion of waste recycled per employee each year and to improving the quality of this data. The total waste collected calculated for the year 2021 is 16,451 tonnes or 87 kilos per FTE (a decrease of 21% compared to 2020). 34% **of total waste is recycled**, the equivalent of 30 kilos 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 ecological transition (Commitment 10) and to reduce 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 is committing a total of EUR 250 million of equity dedicated to start-ups involved in the environmental transition.

In 2021, BNP Paribas extended its ambitions by broadening the scope of these investments beyond the energy transition to include the challenges of the environmental transition. The Group will thus be able to support innovation in areas such as biodiversity, sustainable food and the circular economy.

In 2021, BNP Paribas and the Solar Impulse Foundation launched the BNP Paribas Solar Impulse Venture fund, which intends to invest EUR 150 million in start-ups with high potential and committed to the ecological transition, in order to accelerate their development and help them scale up. Established notably in Europe and the United States, the start-ups thus supported will act in many sectors such as the energy transition, sustainable agriculture and food and the circular economy. Each start-up selected by the fund is assessed by the "Solar Impulse Efficient Solutions" label. BNP Paribas has committed to the tune of EUR 75 million in this fund, which will welcome professional investors involved in the ecological transition and the achievement of 8 of the United Nations' 17 Sustainable Development Goals.

The Group also supports young companies *via* IPOs or capital increases. In 2021, Portzamparc BNP Paribas, a specialised subsidiary, supported several companies in the sector such as Waga Energy, a start-up dedicated to facilitating the injection of methane produced by household waste into gas networks, through a transaction worth EUR 110 million, four times oversubscribed.

Support for scientific research on climate change and biodiversity: better knowledge and understanding to find appropriate solutions

The BNP Paribas Foundation contributes to scientific research programmes in the fields of climate change and biodiversity. Two corporate philanthropy programmes benefit from this in particular:

- the "Climate & Biodiversity Initiative", an international philanthropy programme launched in 2010, has made it possible to support 27 research projects, with more than 400 researchers, to the tune of EUR 18 million. In 2021, the BNP Paribas Foundation continued to monitor and promote the nine winning projects selected as part of the 4th call for projects launched in 2019; a new call for projects will be launched in 2022;
- "One Planet Fellowship" is a sponsorship partnership programme whose ambition is to create an intergenerational community of African and European researchers working on climate change adaptation in the agricultural sector in Africa.

In addition, in 2021, the first assessment of the partnership with the Tara Océan Foundation signed in 2020 was carried out: EUR 1.65 million had been donated to the project at the end of 2021 (cumulative 2020 and 2021) by BNP Paribas Wealth Management (France), in association with the marketing of financial products, with the aim of building the Tara International Polar Station, the eponymous Foundation's new scientific station, which will remain in the Arctic permanently for the next 20 years.

Support for research to take into account the effects of climate change and biodiversity loss in economic models

The acquisition of more robust and comprehensive data is very important to better understand and manage the impacts of economic activities on climate and biodiversity. BNP Paribas is involved in several initiatives to improve the acquisition and processing of this data, including:

- in March 2021, BNP Paribas joined the Linux Foundation's OS-Climate (Open Source Breakthrough for Climate Smart Investing) programme as a founding member. This platform offers a solution based on artificial intelligence to enable financial investments to align on climate targets, through open source access to high quality data and simulations on climate-related risks and opportunities. The objective is to remove the uncertainties that may hinder the financial sector from taking this issue into account, with the scale and speed required;
- alongside other asset managers, BNP Paribas Asset Management has chosen the consortium formed by Iceberg Data Lab and I Care & Consult to develop a tool enabling investors to measure the impact of their investments in terms of biodiversity. The tool, currently being developed in 2021, aims to enable investors to integrate impacts on nature and biodiversity into their risk assessments and research. The transparency of the approach selected should also contribute positively to the required convergence towards more standard and comparable indicators, with knock-on effects on the private sector and in all our economies.

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 sustainable development ambassadors

In 2021, the training of employees in sustainable development continued:

- the Group continued the "WeEngage" initiative, an awareness-raising programme for all employees worldwide dedicated to sustainable finance and current environmental and social issues. This programme makes it possible to develop the ability to support customers towards a low-carbon economy and greater social justice;
- a business line specific programme depending on the financial institutions (FIC), consisting of 62 sessions on 35 topics, also provided training for nearly 6,000 employees by the end of 2021;
- expert and certified external training courses, such as the one offered by the Cambridge Institute for Sustainability Leadership (CISL). This training module had already been completed by nearly 3,800 Group employees by the end of 2021, in addition to nearly 1,200 others whose training is under way;
- the Climate Collage, a game in the form of collaborative workshops enables a systemic vision of climate change issues and their consequences to be acquired. Although its deployment was slowed down in 2020 and 2021 by the health crisis, this awareness campaign has already started in nine countries and in three languages.

A network of internal experts serving the entire Group

In order to accelerate the environmental and social transition, BNP Paribas launched the NEST (Network of Experts in Sustainability Transitions) at the end of 2021. This new network is made up of more than 350 experts in fields such as the energy transition, the circular economy, biodiversity, agriculture, human rights, diversity and social inclusion. The objective of this international network is to deploy, expand and share expertise to accelerate the transition of our clients, both in terms of their assets and their activities, and to strengthen knowledge of sustainable development for the all stakeholders

Raising client awareness through high-level presentations

BNP Paribas frequently organises targeted meetings with its clients on the energy and ecological transition. In 2021, these discussions focused on the challenges and opportunities related to the collective quest for carbon neutrality.

For example, in October 2021, BNP Paribas held an online edition of the Sustainable Future Forum (SFF), attended worldwide by 2,200 participants from companies and the financial sector. This forum brought together more than 100 speakers on the challenges of the ecological and solidarity transition.

Awareness-raising efforts for students and the general public

In 2021, BNP Paribas supported the launch of the ESSEC Business School "Talents of Ecological Transition" Chair, alongside partners such as the Bilan Carbone Association, Campus de la Transition, Capgemini, CY Paris Cergy Université and Citepa. This Chair will address the challenges of climate change, biodiversity and living organisms, ecological justice, as well as the management of resources (water, air) and waste, the energy and food transition, new forms of mobility and the digital impact.

Thanks to the research projects supported by the BNP Paribas Foundation and the researchers behind them, various awareness-raising actions are put in place each year to familiarise the general public, employees BNP Paribas and its partners on environmental issues. In 2021, in line with the actions carried out since 2010 (conferences, exhibitions and other public events), four conferences led by researchers from the "Climate & Biodiversity Initiative" programme were organised and made it possible to raise awareness of around 1,200 people. In addition, the exhibition "Climate, the Expo in 360°", designed by the *Cité des Sciences*, in partnership with the *Institut Français* and UN Environment, was presented for the first time in French Commercial Banking branches. Launched in 2020, the partnership with the *Cité des Sciences* on the exhibition "Bio-Inspired: a different approach", around biomimicry, will continue for the next four years.

TAKING AN ACTIVE PART IN PARTNERSHIPS AND COLLECTIVE INITIATIVES

Participation in the work of *Entreprises pour l'Environnement* (EpE)

Jean-Laurent Bonnafé, director and Chief Executive Officer 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.

In 2021, BNP Paribas sponsored the *Prix Jeunes pour l'Environnement* EpE-LCI, whose theme this year was "Finance, an accelerator of the ecological transition". The first project to receive the award focused on agriculture, which is at the heart of two issues: reducing greenhouse gas emissions and preserving biodiversity.

Over the past year, EpE has focused its work on biomass governance through webinars and a publication on how biomass could best feed humanity as well as replace fossil fuels, store carbon and shelter biodiversity. The association has also published the guide "Lifestyle representations and the ecological transition", intended for communicators to encourage new and more sustainable perceptions and to highlight ten stereotypes sometimes present in advertising and anchored in our subconscious, which are sometimes beneficial and sometimes harmful to the planet. Communication is a lever for changing our habits and creating new lifestyles.

Active participation in several methodological initiatives related to biodiversity

In 2021, BNP Paribas continued to play a central role in several initiatives to measure the impact on biodiversity.

At the global level, two Group experts joined the Taskforce on Nature Related Financial Disclosures (TNFD) in 2021. This initiative, led by the United Nations, WWF and the Global Canopy think tank, was prefigured by an informal working group set up in 2020 under the co-chairmanship of BNP Paribas. This Taskforce is working to define a reporting framework enabling financial institutions to better describe their risks, dependencies and impacts on nature.

Initiatives are also being developed at the local level; Bank BNP Paribas Polska, the Bee Foundation and BeeOdiversity have been implementing the BeeOmonitoring project since May 2021 to assess biodiversity and pollution in industrial and agricultural environments by means of bee colonies.

Other global and local partnerships

BNP Paribas has also partnered with various stakeholders to raise awareness and promote solutions to climate and environmental challenges, including:

- by actively contributing to the Hydrogen Council, which brings together more than 130 international companies in the energy, transport and industrial sectors. These companies share the same long-term vision that hydrogen can promote the energy and ecological transition and the achievement of carbon neutrality;

- by participating in the work of the Institute for Sustainable Development and International Relations (IDDRI), a European think tank that facilitates the transition to sustainable development;
- by joining the *Agora Mobilité en transition* platform, launched by IDDRI, dedicated to the success of the ecological transition in the mobility sector and the decarbonisation of road transport;
- being an active member of Movin'On, the leading global co-innovation ecosystem bringing together the major players in sustainable mobility. In 2021, nine workshops were conducted on different topics such as the electrical transformation of vehicles, decarbonising company fleets with Arval or managing risks related to the use of hydrogen;
- by supporting the Value Balancing Alliance. This alliance of international companies aims to measure the contribution of the company to society, the economy and the environment, beyond the creation of value measured in financial reports, by assessing the economic consequences of the environmental and social impacts. BNP Paribas brings its expertise in the financial markets to its work;
- by joining the Green Building Council of the United Kingdom to actively contribute to the sustainable transformation of the British building stock;
- lastly, BNP Paribas Real Estate joined the BIG (Biodiversity Impulsion Group) initiative, which brings together various real estate players: developers, asset management companies, real estate companies and major users. BIG involves them in order to develop operational research, to better take into account biodiversity in real estate projects, to assess the associated benefits and finally to train the real estate ecosystem on the issue of sustainable cities.

7.6 TCFD table of concordance

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. It builds on the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures) and has published a dedicated TCFD report every year since 2020. The next one (covering 2021) will be published in the first half-year 2022.

The main chapters responding to the four pillars and the eleven recommendations of the TCFD are referenced below.

TCFD pillars and recommendations	BNP Paribas publications chapters
Pillar I. Governance: Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities.	TCFD Report 2020 Chap. 1.1, pages 6 to 8 URD 2021 section 2.1.2 *BNP Paribas Corporate Governance*, p. 53 URD 2021 section 2.1.3 *Remuneration and benefits awarded to the directors and corporate officers*, p. 95
b) Describe management's role in assessing and managing climate-related risks and opportunities.	TCFD Report 2020 Chap. 1.2, pages 9 to 11 URD 2021 Chap. 2.3 *The Executive Committee*, p. 134 URD 2021 Chap. 2.4 *Internal Control*, p. 135 URD 2021 Chap. 7.1 *Strategy*, p. 708
Pillar II. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	TCFD Report 2020 Chap. 2.1, pages 15 to 17 URD 2021 Chap. 5.1 *Annual risk survey*, p. 355 URD 2021 Chap. 7.2, *Our economic responsibility: financing the economy in an ethical manner*, p. 716
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	TCFD Report 2020 Chap. 2.2, pages 18 to 32 URD 2021 Chap. 7.2, *Commitment* 3, p. 705 URD 2021 Chap. 7.5 *Our environmental responsibility*, p. 765
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD Report 2020 Chap. 2.3, p. 33 URD 2021 Chap. 7.2, *Commitment* 3, p. 726
Pillar III. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks.	TCFD Report 2020 Chap. 3.1, pages 36 to 46 URD 2021 Chap. 5.3 *Risk management*, p. 445 URD 2021 Chap. 7.2, *Commitment* 3, p. 726
b) Describe the organization's processes for managing climate-related risks.	TCFD Report 2020 Chap. 3.2, pages 47 to 49 URD 2021 Chap. 5.3 *Risk management*, p. 445 URD 2021 Chap. 5.4 *Credit risk*, p. 454 URD 2021 Chap. 5.9 *Operational risk*, p. 918 URD 2021 Chap. 7.2, *Commitment* 3, p. 726
c) Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organization's overall risk management.	
Pillar IV. Indicators and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	TCFD Report 2020 Chap. 4.1, pages 52 to 57 URD 2021 Chap. 7.2, *Commitment* 3, p. 726 URD 2021 Chap. 7.5 *Our environmental responsibility*, p. 765
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	TCFD Report 2020 Chap. 4.2, p. 58 URD 2021 Chap. 7.5, *Commitment* 11, p. 770
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	TCFD Report 2020 Chap. 4.3, p 59 URD 2021 Chap. 7.2, *Commitment* 3, p. 726 URD 2021 Chap. 7.1, *Strategy*, p. 708 URD 2021 Chap. 7.5 *Our environmental responsibility*, p.765

7.7 Duty of Care and Modern Slavery and Human Trafficking Statement

DUTY OF CARE: BNP PARIBAS' 2021 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. 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 social and environmental 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. As part of the launch of its 2022-2025 Strategic Plan, BNP Paribas has defined new CSR management indicators, with commitments for 2025.

The actions related to the Group's vigilance systems are defined by the CSR Department, prepared jointly with the players concerned in the main business lines and functions: Retail Banking, Investment & Protection Services, Corporate & Institutional Banking, Group Human Resources, Group Strategic Sourcing, Compliance, RISK and LEGAL. These actions aim to cover all of the Group's business lines, 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 ten principles of the United Nations Global Compact, and the standards defined by the International Labour Organization (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 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 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 2021, the Group enriched and updated its Code of conduct, applicable to all employees worldwide, on the following topics: the fight against corruption, the energy transition, competition law and respect for colleagues. A reference to the Group's purpose has also been added.

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 (Retail Banking, Investment & Protection 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, noncompliance 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.

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 a net zero trajectory in 2050, 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[1] as well as formalising them in existing Group HR policies.

The Group's diversity and inclusion policy and compensation 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 referents", 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 Organization's Global Business and Disability Network, 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;
- through the United Nations Generation Equality Forum, BNP Paribas is committed to taking part in a series of tangible actions that will make immediate progress on two main themes: "Gender-based violence" and "Technologies and innovation for gender equality", which are themes on which the Bank has been working for several years;
- BNP Paribas also supports the United Nations LGBTI Standards of Conduct, unveiled in September 2017 to combat discrimination against LGBTI people at work.
- in an entire chapter dedicated to "Respect for People", the Group's Code of conduct reiterates that the values of respect must guide the actions, decisions and behaviour of employees. In order to ensure that everyone can work in a respectful environment, each employee is required to apply the highest standards of professional behaviour and to express concerns about any behaviour that may not comply with these standards, either as the plaintiff or the witness. Group employees must undergo periodic mandatory training on "respect for people".

On 1 December 2021, new governance rules for the prevention, detection and treatment of non-respectful behaviour were published. The range of targeted behaviours has been broadened and discriminatory behaviour is now listed.

The European Social Charter, from which derives the European agreement on the prevention of stress at work implemented 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 2021, an agreement on remote working was signed for the first time at the level of BNP Paribas SA and its subsidiaries in France (July) and a European Charter on remote working was signed (November), including remote working as the usual and sustainable way of working for activities that can be done remotely.

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 business lines. See "A g*ood place to work*" *and responsible employment management*, Commitment 5.

The policies and actions already undertaken by Group HR will continue to be implemented and monitored over time.

[1] *"Salient" is the term used by the drafters of the United Nations Guiding Principles Reporting Framework.*

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 'Responsible Procurement Charter', setting 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 monitoring rules, targeting ESG criteria used during the selection process and completed by the thematic regulatory watches;
- training of Procurement function employees.

Also *see Fostering dialogue with stakeholders in Our strategy,* part 7.1, and *Robust 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.

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 *Combatting social exclusion and supporting 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 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.

In 2017, 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, this commitment was extended to two geographical areas, with the exclusion of financing and investments in oil and gas projects located in a particularly sensitive area not previously covered (the Arctic National Wildlife Refuge – ANWR) as well as exports of oil by sea from the Esmeraldas region in Ecuador for its trading activities. BNP Paribas has also committed to reducing its credit exposure to oil and gas exploration and production activities by 12% between 2020 and 2025. This commitment will be supplemented by targets for reducing greenhouse gas emissions across the entire oil and gas value chain in early 2022. (See *Strengthening of ESG financing and investment criteria*, Commitment 3).

In 2021, the Group made a public commitment to preserve land and marine biodiversity. At the end of 2019, the Bank had already positioned itself in favour of the protection of the oceans. The Group has set a target of EUR 4 billion in financing to help protect biodiversity by 2025.

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 activity restriction 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 *Systematic integration and 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 business lines;
- the respect of the Equator Principles for major industrial and infrastructure projects. BNP Paribas has been a signatory of the Equator Principles since 2008: these aim to avoid, reduce, mitigate or offset the negative impacts of major industrial or infrastructure projects on communities, ecosystems and the climate;
- the integration of ESG criteria in the Know Your Customer (“KYC”) process;
- the progressive integration of ESG criteria in 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;
- the training of financing business lines and control functions on the ESG risk framework;
- 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 Organization, 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.

2021 RESULTS

In 2021, 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 2021, **100% of entities with more than 1,000 employees** had already implemented at least one of the ten commitments of **the ILO's Business Charter** on Disability. The objective included in the criteria of the three-year retention plan of more than 7,000 key employees is reached.

At the end of the HeForShe programme in May 2021, BNP Paribas had achieved all of its objectives in terms of improving **the gender balance of its market business lines** with:

- a minimum of **40% of women** in the Graduate programme (currently **50%** compared to 40% in 2016);
- at least 40% of women in the **Leadership Talent** programmes (**41%** at end 2020 compared to 31% in 2016);
- **an increase of 40%** in the number of women among **Senior Management Positions** (**21%** women among SMPs at end 2020 compared to 15% in 2016, *i.e.* an increase of 40%).

Similarly, for **the HR gender balance** objectives, 27% of HR Business Partners appointed between March 2018 and December 2020 are men, *i.e.* an **increase of 50%**.

With regard to the IT sector, BNP Paribas aims to have an additional 1,000 women by the end of 2024, going from 32% to 37% of women in this sector.

Regarding gender-based violence, **the Group aims to mobilise at least 50 new private sector organisations, strengthen and internationalise its internal systems, and support its victim customers**.

The NGO Human Rights Campaign Foundation once again gave it a score of 100/100 in its 2022 Corporate Equality Index for North American businesses that are most welcoming to and respectful of the LGBTQ+ population.

BNP Paribas tracks the effectiveness of its actions in this field through a monitoring indicator of employees contributing directly to the promotion of human rights who have received specific training on human rights. At the end of 2021, **93%** of the employees who were assigned the module on how to address human rights in financing decisions of this specific training, had attended it. Since 2016, more than **20,000** employees of the Group have completed this training.

Our suppliers and subcontractors

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.

At the end of 2021, over 3,700 ESG[1] assessments had been carried out, and over 1,400 Responsible Procurement Charters signed by BNP Paribas suppliers.

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 2021, the Group's GHG emissions amounted to 1.50 teq CO_2[2] per FTE[3] (-17% compared to 2020). See also *Reducing the environmental impact of our operations*, Commitment 11.

Our banking and financial activities

Created in 2020 within the RISK Function, the Group Data Protection Office Department aims to support, advise and supervise data protection activities. In 2021, and for the second consecutive year, a campaign was carried out to measure the degree of maturity in terms of data protection. This campaign covered 61 countries and 273 entities. (See *The right to privacy*, Commitment 8).

BNP Paribas takes ESG criteria into account in its decision-making processes. ESG criteria are integrated into Know Your Client (KYC) and 22 credit and rating policies.

In addition to the pre-existing ESG risk assessment tools, the Group has been rolling out a new ESG assessment framework since June 2021: the ESG Assessment. It makes it possible to identify, assess and monitor the ESG performance and risks of corporate clients by sector with a common approach within the Group for a given customer segment. The objective is to deploy it to all large corporate clients by the end of 2023. (See *Expanding the ESG analysis of corporate customers with a new risk assessment tool: the ESG Assessment*, Commitment 3).

Overall, the assessment aims to perform a systematic ESG analysis as part of the credit process, one of the foundations of the banking activity, thus integrating ESG criteria with the other criteria included in the assessment of the counterparty's credit profile. This analysis

[1] *Environmental, Social and governance.*
[2] *Metric tonne equivalent of $C0_2$.*
[3] *FTE: Full-Time Equivalent.*

covers the environmental (climate and biodiversity), social (health, safety and impact on communities) and governance (business ethics) dimensions.

By joining the Net Zero Banking Alliance (see *Investments and financing with a positive impact*, Commitment 1), BNP Paribas is committed to extending the scope of application of the alignment target to a greater number of sectors (agriculture, real estate, heavy industries) and a higher ambition: to finance a carbon-neutral world by 2050, which corresponds to a limited increase in temperature of 1.5°C compared to the pre-industrial era. The commitments made under the CCCA are now fully included in those of the NZBA.

In order to align its portfolio with its climate objectives, BNP Paribas has chosen a sectoral analysis based on indicators and scenarios specific to each sector.

In 2021, BNP Paribas participated in the update of the measurement of the carbon intensity of the portfolio in the maritime transport sector according to the Poseidon Principles. The objective of the Principles is to meet the ambition of the International Maritime Organization (IMO) to reduce shipping's greenhouse gas emissions by at least 50% by 2050, in comparison with 2008. At 31 December 2020, the alignment score of the BNP Paribas loan portfolio in terms of carbon intensity was therefore 7.5% above the alignment score (compared to 2.88% at 31 December 2019).

See also *Robust management of Environmental, social and governance risks (ESG)*, Commitment 3.

At the end of 2021, the Group's restriction list and monitoring list for managing ESG risks included 1,480 legal entities (1,297 excluded and 183 under monitoring), compared with 1,446 legal entities at the end of 2020. In 2021, 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 2021, BNP Paribas' financing for corporate clients in the renewable energy sector reached EUR 18.6 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.

STATEMENT ON MODERN SLAVERY AND HUMAN TRAFFICKING

INTRODUCTION

This Statement [2] outlines the steps that BNP Paribas has taken to ensure that human trafficking[3] and modern slavery[4] are not taking place in its business or in any of its supply chains. 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 2021. 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 (HR).

THE BNP PARIBAS GROUP

BNP Paribas is Europe's leading provider of banking and financial services. It operates in 65 countries and employs 189,765 Full-Time Equivalent workforce. It holds key positions in its three main areas of activity: Retail Banking (Retail Banking networks in Europe, Africa and America), Investment & Protection Services (solutions in savings, investment and protection solutions) and Corporate and Institutional

[1] *Paris Agreement Capital Transition Assesment.*

[2] *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.*

[3] *The expression "human trafficking" means: "the 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, if 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 Organised Crime and Protocols thereto.*

[4] *"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.*

Banking (tailored financial solutions for our corporate and institutional clients). More information on BNP Paribas operations can be found in section 1.4 *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 AND 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 recent months, the issue of forced labour in globalised value chains has been extensively discussed in the media and tackled by regulators. 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, and is complemented by the *ad hoc* monitoring and regular discussions performed by Group teams 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 categorised 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 meets the needs of millions of individual and professional customers, entrepreneurs, small, medium and large companies in business sectors facing multiple environmental, social and governance (ESG) challenges. The Group also 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

Respect for human rights is one of the pillars on which BNP Paribas’ CSR strategy is based. The Group has committed itself to the promotion of the following principles and standards that form the basis of its activities:

- 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 labour standards set out by the International Labour Organization.

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:

- the BNP Paribas Group Code of conduct (updated in 2021);
- the BNP Paribas statement on Human Rights;
- the BNP Paribas Responsible Procurement 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 behaviour, 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 under 18 years (none in 2021).

Furthermore, 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 applies to all employees, reaffirms the Group's commitment to changing behaviour and combating disrespectful behaviour towards people, including harassment and discrimination.

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 Global Agreement, signed with UNI Global Union on September 18, 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* (Businesses for Human Rights – EDH). This e-learning module is mandatory for all employees who directly contribute to the promotion of human rights including Risk management teams, Procurement[1], relationship managers in Corporate and Institutional Banking (CIB) and the CSR network. Available in eight languages and freely accessible to all Group employees, it was updated in 2021.

Raising concerns

BNP Paribas Group pays particular attention to the concerns of customers, employees, shareholders, suppliers and society as a whole. The Group is committed to listening, understanding and seeking to respond to the concerns raised by its stakeholders in a fair and effective manner.

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 a confidential 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 whistleblowing policy guarantees employees exercising their right to raise an alert protection against reprisal for having raised an internal alert in good faith

A summary note[2] on whistleblowing is available on the BNP Paribas Group website.

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's purpose;
- the definition by the Function of a normative reference framework. This framework includes:
  - an ESG risk mapping tool encompassing 13 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 2020-2021, BNP Paribas also completed its framework by launching, with three other banks and a third party assessor, on-site social and environmental audits for two categories of purchases.

[1] *In the process of being rolled out for the Australian Purchasing function.*
[2] *https://cdn-group.bnpparibas.com/uploads/file/summary_of_bnp_paribas_wb_framework_eng_dec_2021_vf.pdf.*

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 development and 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.

In addition to the tools described above, a new ESG Assessment framework is being deployed since June 2021. It enables to identify, assess and monitor the performance and ESG risks of corporate customers, on a sector-specific manner, with a common approach within the Group for a given customer segment. The ESG Assessment covers five major extra-financial topics, including respect for human rights. Currently designed for large companies, which will all be subject to an ESG Assessment by the end of 2023, this framework will be gradually adapted and extended to different customer segments.

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 tracks 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 2021, 93% of the employees who were assigned the module on how to address human rights in financing decisions of this specific training, had attended it. Since 2016, more than 20,000 employees of the Group have completed 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 2021, more than 3,700 ESG assessments were conducted, and more than 1,400 Sustainable Procurement Charters were signed by the Group's suppliers.

For financing and investment activities

Opening and maintaining high-quality dialogue between the Group and the entities it finances or in which it invests is key to effective monitoring of a number of issues, including Human Rights, and can be an important driver towards positive change. The changes in exclusion and monitoring lists (*i.e.* the companies with which the Group does not wish to maintain commercial relations, or which are subject to increased monitoring, which may result from serious violations of human rights) is another indicator monitored by BNP Paribas. At the end of 2021, the exclusion list numbered 1,297 companies, and the monitoring list 183, for a total of 1,480 listed entities (against 1,446 at end 2020).

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)[1].

This statement was approved by BNP Paribas' Board of directors on 22 February 2022.

Jean-Laurent BONNAFÉ
Director and Chief Executive Officer

Jean LEMIERRE
Chairman of the Board of directors

[1] *BNP Paribas also publishes its statement on modern slavery and human trafficking on the Modern slavery statement registry, a platform launched by the British government in March 2021.*

7.8 Extra-financial performance statement

A DIVERSIFIED AND INTEGRATED MODEL, CREATING VALUE

[1] This figure includes the employees of each of the three divisions presented opposite, as well as those of the central functions.

Serving customers and the world in which the Group operates, BNP Paribas supports transitions in society by providing expertise and contributing to financing the economy. **We create value through our diversified and integrated model, based on risk diversification, cooperation between our businesses and digitised scaled platforms.** In a context of gradual recovery after the health crisis that affected us all, the strengthened solidity of our model allows us to continue to support our customers in achieving their projects.

Societal and environmental issues

Digital issues

OUR SOLUTIONS

- Everyday banking
- Advice
- Financing
- Investments
- Savings
- Protection

CREATING VALUE

for all our stakeholders: customers, shareholders and investors, employees, partners and suppliers, local authorities, regions and civil society.

Promoting useful innovation for our customers

(individuals, entrepreneurs, SMEs, large corporate clients, institutions, associations)

- **172 million monthly connections** to mobile apps[2] in Q4 21 (+25.4% vs. Q4 20), i.e. a contact more than 25 times per month on average
- **Nickel: 2.4 million accounts opened**[3] (+26.6% vs. 31/12/20), > 7,100 points of sale (+18% vs. 31/12/20); development in Spain (800 points of sale at 31/12/21, compared to 72 at 31/12/2020, with more than 2,000 new accounts opened per month)

Promoting sustainable growth for the economy

- **EUR 814 billion** in customer loans
- **EUR 220 billion** in assets under management considered sustainable (articles 8 and 9 of the Sustainable Finance Disclosure Regulation)[4]
- **Increase in financing mobilised for customers** worldwide in the credit, bond and equity markets (> EUR 410 billion, +2.8% vs. 2020)[5]

Growing our contribution to society

- **EUR 12.2 billion in taxes paid** over the last two years (2021 and 2020), of which EUR 5.3 billion in France
- **EUR 53.5 million** budget for the Group's sponsorship
- **No. 2 worldwide for sustainable bond issues** with EUR 46.1 billion[5] and No. 1 for euro sustainable bonds with EUR 29.4 billion[5] in 2021

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[1] *NBI: Net banking income – Recomposed 2021 historical data.*

[2] *Scope: private individuals, professional and Private Banking customers of commercial or digital banking in Europe (including Germany) and Nickel – on average in Q4.*

[3] *Since its creation in France*

[4] *Assets managed by BNP Paribas Asset Management, figures as of 31/12/21.*

[5] *Source: Dealogic at 31/12/21, bookrunner in volume, proportional amounts.*

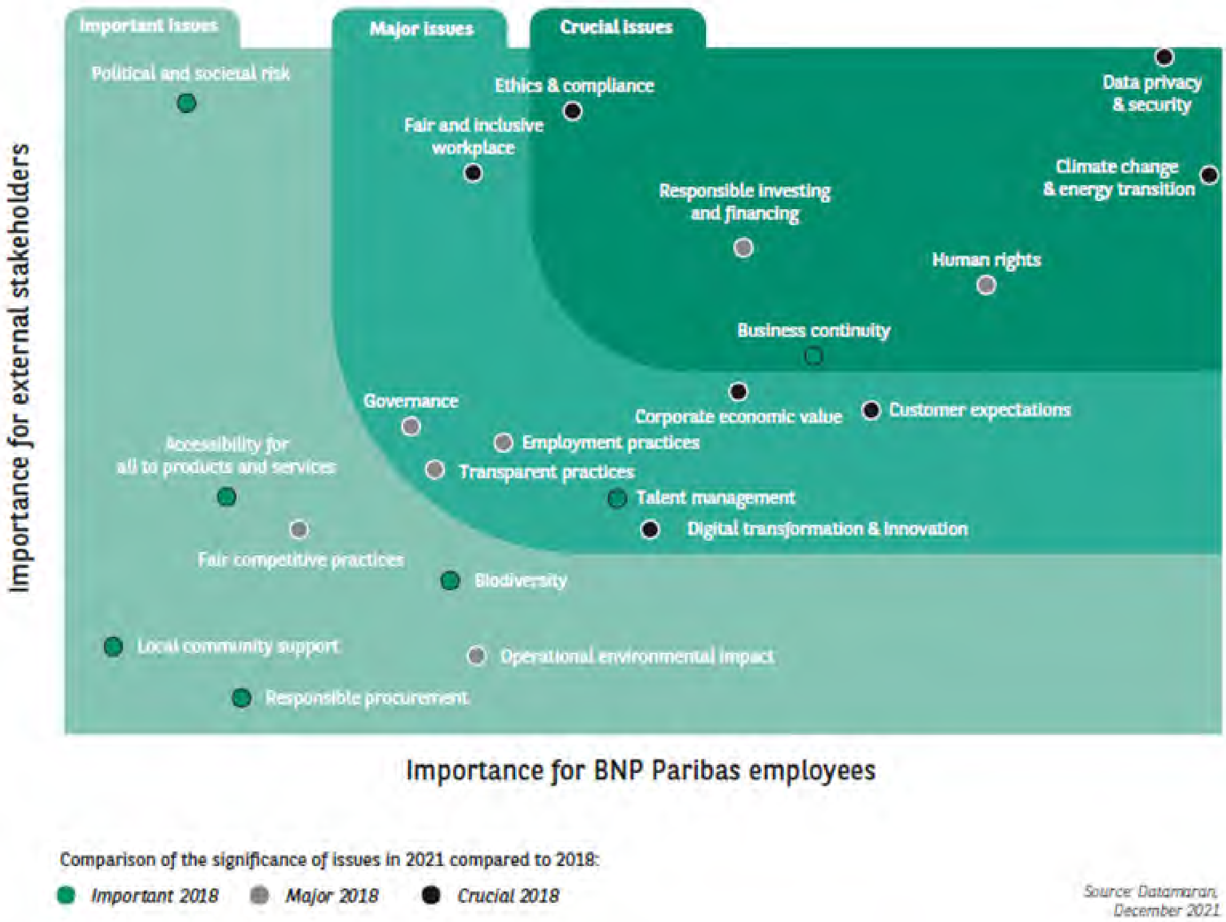
ANALYSIS OF ISSUES, RISKS AND OPPORTUNITIES

Information requested pursuant to article R.225-105-1 of the French Commercial Code and Ordinance No. 2017-1180 relating to the publication of extra-financial information.

The processes and responsibilities relating to the analysis, review and validation of non-financial risks are described in Commitment 3 *Systematic integration and management of Environmental, social and governance risks*. They are also described in the dedicated sections of chapter 5 *Risks and capital adequacy – Pillar 3*, which also deals with operational risks, including regulatory compliance risk.

BNP Paribas' business model is included in the preceding pages.

In order to complete its materiality matrix, BNP Paribas relied on an assessment of materiality criteria to classify one hundred extra-financial subjects brought together in 21 themed issues based on their relevance to BNP Paribas' external and internal stakeholders. Carried out for the first time in 2018, this analysis was repeated in 2021 using a very similar methodology. It is based on an assessment of the importance for BNP Paribas of these 21 extra-financial issues from two points of view: on the one hand, that of BNP Paribas employees, on the other hand, that of its external stakeholders. The internal perception is established by a survey to which more than 1,200 top management employees responded, while the external point of view is assessed by the importance of these issues in several databases: publications of ten of our main peers, more than 2,500 regulations applicable to our activities and locations, more than 20,000 industry press articles and more than 450 million tweets on social networks. The results of this study, presented below, make it possible to distinguish three groups of issues: important, major and crucial.



As in 2018, these results highlight as crucial issues: data privacy and security, climate change and energy transition, as well as ethics and compliance. Three other issues join this category of crucial issues in 2021: human rights, responsible investments and financing, and business continuity. Together with the eight major challenges shown above, they form the 14 most important challenges for BNP Paribas and are listed in the table below. 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, equality and inclusion in the workplace	Global agreement	Discrimination risks 736-737; 780	Proportion of women holding an SMP position ≥ 31% in 2021	732-734; 710
	Employment practices	"A good place to work" and responsible employment management	Global agreement, Code of conduct	Risks of employee demotivation and increased absenteeism, psychosocial risks 740-742	Percentage of entities with more than 1,000 employees having made a commitment to disability = 100% in 2021	732; 710
	Talent management	A learning company supporting dynamic professional path management	Global agreement	Loss of talent risk 750-755	Percentage of employees who completed at least 2 training courses (e-learning included) during the previous 12 months > 90% in 2021	750; 710
Civic	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 722-726; 757-762	Percentage of employees who have completed the mandatory training on the Group's Code of conduct, which includes a module on the protection of customers' interests	722-725; 721
	Personal data and security	Cyber security and technological risk Ethics of the highest standard	Code of conduct	Reputational and operational risks: leaking, alteration or loss of data, 381-383; 388-389	Percentage of employees who followed the training "Know Your Data"	621-623; 721
Social/Environmental	Responsible investment and financing	Investments and financings with a positive impact	Engagement manifesto	Reputational risk and opportunity to limit societal and environmental risks 383-384; 388-389	Share of loans to companies supporting the energy transition and sectors directly contributing to the SDGs	716-720; 710
Environment	Climate change and environmental transition	Systematic integration and management of Environmental, social and governance risks Enabling our clients to transition to a low-carbon economy respectful of the environment	Engagement manifesto, BNP Paribas' commitments to the Environment	Transition, physical, pollution, biodiversity, reputational, legal liability risks 383; 726-729; 779-784	Financing for renewable energies	726-731; 767-770; 710

Domain	Issue	Paragraph	Policy	Risks / Opportunities Risk description pages	Indicator	Pages (Paragraph; Indicator)
Economic	Customer expectations	The Advocacy programme	Group policy on protecting clients' interests	Operational risk , 618-625	Response rate to surveys sent to customers in the four Domestic Markets (France, Luxembourg, Belgium, Italy) by email, SMS or phone	725; 725
	Digital transformation and Innovation	Cyber security and technological risk Domestic Markets	Plan 2025	Cyber security and technology risk 383	Number of customers active on mobile applications in Domestic Markets	165; 383-384; 621-623; 9; 160; 790
	Corporate economic value	Resilience of results in a context marked by the health crisis – positive scissor effect	Plan 2025	Operational risk 618-625	Return on tangible equity	143; 446-447; 197
Human rights	Human rights	Duty of Care and Modern Slavery 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 760-763	Percentage of assigned employees who completed the "Business & Human Rights" e-learning course	779-788; 760-762
Fight against corruption and tax evasion	Ethics and compliance	Ethics of the highest standard	Code of conduct	Financial risk 398	Percentage of employees who completed ethics or conduct training	721-725; 710
Governance	Governance	Composition of the Board Director independence	Corporate governance report	Legal, operational and reputational risk, 388-390	Number of independent members on the Board	57-59; 59
	Business continuity	Policy and requirements in terms of business continuity	Policy and requirements in terms of business continuity	Operational risk, 388-390	Percentage of coverage of the Group's business plans	65-66; 623; 791

7.9 Eligible activities under the meaning of the European Taxonomy

REMINDER OF THE REGULATIONS AND REPORTING OBLIGATIONS FOR FINANCIAL INSTITUTIONS

In June 2020, the European Regulation on Taxonomy was published in the European Union Official Journal[1], for a first application on 1 January 2022. The Taxonomy is a system for classifying economic activities according to their contribution to the six environmental objectives defined by the European Commission. Two Delegated Acts supplemented this level 1 text with, on the one hand, the technical criteria to qualify the alignment of economic activities with the first two objectives (Fight against climate change and Adaptation to climate change, June 2021[2]) and details of the new regulatory publication obligations related to article 8 of the Taxonomy (July 2021[3]).

The Taxonomy is based on two central concepts that are associated with the economic activities of companies subject to the NFRD[4] (and the CSRD when it comes into force[5]).

- The first of these concepts is that of eligibility. An economic activity is said to be eligible if it is described in the first Delegated Act of June 2021 because of its high potential to contribute to one of the two environmental objectives.
- The second of these concepts is that of alignment, which makes it possible to confirm the significant contribution of this eligible economic activity to one of the two environmental objectives, on the basis of verifiable criteria.

The publication obligations under article 8 of the Taxonomy and its Delegated Act of July 2021 establish the principle of a sequence linking the publications of companies and financial institutions. However, for this first publication, since companies and financial institutions must simultaneously publish information on their eligible activities, financial institutions cannot use the information published by companies to finalise their own publication.

Information relating to eligibility must be published by financial institutions in 2022, as defined in article 10 of the Delegated Act of July 2021 and its Appendix V, and are, therefore, split between mandatory publication and voluntary publication, the difference between the two being mainly due to the nature of the underlying quantitative data. Mandatory reporting can only be based on data produced and/or provided by corporate customers of financial institutions, while voluntary reporting allows the use of estimates.

SCOPE OF FINANCIAL ASSETS SUBJECT TO THE ELIGIBILITY ANALYSIS

The scope of financial assets subject to the eligibility analysis is firstly defined by a first series of exclusions listed in article 10 of the Delegated Act of July 2021, combined with article 7 of the same Delegated Act. These exclusions are as follows:

- outstandings to central governments, central banks and supranational institutions;
- outstandings on hedging derivatives;
- outstandings on companies not subject to the NFRD;
- the trading book;
- interbank current accounts.

These financial assets are reported in proportion to the Total Assets of BNP Paribas' prudential balance sheet, measured at 31 December 2021 at gross carrying amount. In accordance with the specifications of the Delegated Act of July 2021, the data underlying the reporting of eligible assets are the same as those used for the prudential reporting in chapter 5 of the Registration document. The amounts of financial assets recorded in the Group's balance sheet and reported below, both for the scopes excluded from the analysis and for eligible or non-eligible outstandings, are measured as gross carrying amount *i.e.* before taking into account any provisions.

At the same time, Appendix V of the Delegated Act of July 2021 defines the notion of total hedged assets, which represents the scope of assets subject to the eligibility analysis. The categories of assets included in the total hedged assets are as follows:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- investments in subsidiaries, joint ventures and associates;
- financial assets designated as measured at fair value through profit or loss;
- financial assets measured at fair value through profit or loss on a voluntary or mandatory basis;
- collateral obtained by taking possession.

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1 *Regulation (EU) 2020/852 of 18 June 2020.*
2 *Climate Delegated Act of 4 June 2021.*
3 *Delegated Act article 8 of 6 July 2021.*
4 *Directive 2014/95/EU of 22 October 2014.*
5 *Proposal for a Directive on the publication of sustainability information by companies of 21 April 2021.*

Within these hedged assets, the eligibility analysis makes it possible to cover a wide range of financing activities for the real economy, over a geographical scope equivalent to the European Union, including all types of financing (loans, specialised financing, debt securities, equity investments), all types of customers (households, companies), and covering a wide range of economic sectors.

It should be noted that cash on hand and other assets (*e.g.* property, plant and equipment and intangible assets, deferred taxes) are excluded from the eligibility analysis. However, these items are kept in the denominator of the eligibility ratios in order to obtain the Total GAR Assets, as indicated in the table below.

ELIGIBILITY QUALIFICATION METHODS

The analysis of the eligibility of financial assets is based on two differentiated approaches, on the one hand, financing of real estate acquisitions and financing of real estate renovation works for the benefit of households residing in the European Union, and on the other hand, the financing transactions of European Union companies subject to the NFRD.

In accordance with the Delegated Act of June 2021 describing the eligible economic activities, the portfolios of financing transactions for the benefit of households mentioned above are qualified as eligible in their entirety, the future analysis of their alignment being carried out at the level of individual transactions according to technical criteria.

For corporate financing transactions, the eligibility analysis was based mainly on the NACE codes[1] associated with each legal entity customer of BNP Paribas, which were systematically compared to the list of eligible NACE codes published by the European Commission. This mechanical analysis was supplemented by more detailed analyses, either on certain types of transactions or on certain specific business sectors, based on the nomenclature of sector codes used by BNP Paribas for its Risk Management and internal management requirements.

It should be noted that under the meaning of the Delegated Act of July 2021, and in the absence of mandatory declarations by non-financial companies for this first 2022 financial year, the use of NACE codes to qualify eligibility represents an estimate. Indeed, the current nomenclature of the NACE codes is not perfectly aligned with the nature of the economic activities described as eligible in the Delegated Act of June 2021. In addition, the NACE codes used to qualify this eligibility represent, at the level of a Business Group, its main activity, but do not qualify the eligibility of its other potential economic activities. In this respect, the amounts and proportions of eligible financial assets in the corporate scope are included in the voluntary declaration, and not in the mandatory declaration.

[1] *Statistical Classification of Economic Activities in the European Community.*

31 December 2021

In millions of euros	Gross carrying amount (*)	Of which assets eligible for Taxonomy (**)	Ratio on total GAR assets (****)	Of which assets not eligible for Taxonomy (**)	Ratio on total GAR assets (****)	Of which estimated eligible assets (***)	Ratio on total GAR assets (****)	Total Assets ratio
Assets included in the numerator and denominator	596,589	205,004	16.7%	391,585	31.9%	112,126	9.1%	
Financial assets other than held for trading	596,589	205,004	16.7%	391,585	31.9%	112,126	9.1%	
Loans and advances eligible for the calculation of the eligibility ratio	555,814	205,00	16.7%	350,810	28.6%	107,487	8.8%	
Debt securities and equity instruments eligible for the calculation of the eligibility ratio	40,775	-	0.0%	40,775	3.3%	4,639	0.4%	
Collateral obtained by taking possession	234	-	0.0%	234	0.0%	-	0.0%	
TOTAL ASSETS USED FOR THE ELIGIBILITY ANALYSIS (INCLUDED IN THE NUMERATOR AND THE DENOMINATOR)	**596,824**	**205,004**	**16.7%**	**391,819**	**31.9%**	**112,126**	**9.1%**	
Other assets only included in the denominator								
Outstanding loans to European non-financial companies (not subject to NFRD)	78,428							3.3%
Outstanding loans to non-European non-financial companies (not subject to NFRD)	242,291							10.1%
Derivative instruments – Hedge accounting	8,619							0.4%
Interbank current accounts	9,003							0.4%
Cash on hand	3,087							0.1%
Other assets	289,369							12.1%
TOTAL ASSETS INCLUDED IN THE DENOMINATOR (TOTAL GAR ASSETS)	**1,227,622**							
Assets excluded from the numerator and denominator								
Outstandings with central governments and similar	135,291							5.7%
Outstandings with central banks	354,806							14.8%
Financial assets held for trading	672,380							28.1%
TOTAL ASSETS EXCLUDED FROM THE NUMERATOR AND THE DENOMINATOR	**1,162,477**							
TOTAL ASSETS BEFORE RECOGNITION OF PROVISIONS AND IMPAIRMENT	**2,390,099**							

(*) Gross carrying amount before recognition of provisions and impairment (EUR 20,454 million).
(**) Mandatory reporting based on actual data.
(***) Voluntary reporting of eligible outstandings identified through estimates that do not meet the necessary conditions for inclusion in the mandatory reporting.
(****) The definition of the numerator and denominator of the eligibility ratios is consistent with that proposed by the EBA in Appendix I of its final report on the Prudential Publications of ESG risks of 24 January 2022 and will be used to calculate the GAR (Green Asset Ratio) in accordance with Appendix V of the Delegated Act of 6 July 2021 section 1.1.2. The publication by financial institutions of the GAR will become mandatory in 2024.

The assets eligible for mandatory reporting are loans outstanding for real estate acquisition and renovation financing by households. The assets eligible for voluntary reporting consist of loans outstanding from companies whose main economic activity is classified as eligible under the estimate by the NACE codes. These eligible assets are concentrated, for example, in the corporate finance lease sectors (in particular car leasing), commercial real estate activities (including construction), transport and renewable energy production. In total, eligible assets (mandatory and voluntary reporting) represent 25.8% of total GAR assets. These elements reflect the nature of the BNP Paribas

Group's business model, which is dedicated to financing the real economy, and broadly diversified in terms of customer base, geography and business sectors financed.

The next publication by financial institutions, which will be carried out in 2023, may be based on precise information provided by the companies themselves, which will improve the understanding of the eligibility of financial assets. In 2024, the publication of information on the European Taxonomy will reach a new stage with the data on the alignment of portfolios of financial assets dedicated to economic activities that contribute significantly to the objectives of the European Taxonomy and the Paris Agreements.

7.10 Grenelle II GRI, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking table of concordance

Due to the presence of the *TCFD table of concordance* in section 7.6 of this document, the table of concordance below does not include a TCFD column.

2021 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	708	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)	709	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	710	G4-102	4.3, 7.7.2, 7.7.3	1, 6, 7, 8	1-17	5, 6
BNP Paribas' public positions	711	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	713	G4-102	7.6.2			4
CSR taken to the highest level in the organisation	714	G4-102	6.2.2			5
Fostering dialogue with stakeholders	715	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 companies and continuing to support them during the health crisis	716	FS7, FS14, G4-202, G4-203	6.3.7, 6.8.7, 6.8.8	4	5, 8, 9, 10	2, 3
Supporting the transition by offering a wide range of sustainable products	717	G4-103, FS14, FS16, G4-203	6.8.2	1-10	17	1
Federating financial institutions in coalitions around ambitious objectives and development of shared methodologies	717	G4-102, FS5	5.3.3, 6.6.6, 7.3.3	8	17	1, 4, 6
Financing impact entrepreneurship	718	FS7, FS14, G4-203	6.8.7, 6.7.9, 7.3.1	1, 4, 6	8, 10, 11, 17	2, 4
Designing and promoting sustainable investment funds	719	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	720	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	721	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	722	G4-205	6.8.7	10	10, 16	1, 2, 6

2021 Universal Registration Document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Protecting clients' interests	723	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
Monitoring customer satisfaction The "Advocacy" programme	724	G4-102	5.3.3		5, 8	4, 5
Ethics at the heart of supplier relations	725	FS5, G4-204, G4-308, G4-414	5.2.1, 6.6.3, 6.7.3	10	12, 16	4, 5
Commitment 3 – Systematic integration and management of environmental, social and governance risks (ESG)						
A comprehensive ESG risk management approach	726	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
Upholding the Equator Principles on project financing	727	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
Management and monitoring tools for ESG risks	729	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
Alignment of the loan portfolio with the net zero in 2050 objective	729	FS8, FS15, G4-305	6.5.5, 6.7.5	7, 8, 9	7, 9, 12, 13	1-6
The fossil fuel extraction sector	731	FS8, FS15, G4-305	6.5.4, 6.7.5	7, 8, 9	7, 9, 13, 14, 15	1-6
OUR SOCIAL RESPONSIBILITY: PROMOTE THE DEVELOPMENT AND THE ENGAGEMENT OF OUR EMPLOYEES						
Commitment 4 – Promotion of diversity, equality and inclusion						
A solid framework, a multi-actor commitment	732	G4-103, G4-405, G4-406	6.3.7, 6.4.3, 6.4.7,	1, 6	5, 8, 10	5
Promoting an inclusive culture	733	FS4, G4-405, G4-406	5.3.3, 6.6.6	1, 6	5, 8, 10, 16	4, 5
Outstanding actions in the area of professional equality	734	G4-405, G4-406	6.3.7, 6.3.10, 6.4.3, 6.6.6	1, 6	5, 8, 10, 16	5, 6
Constant progress, pioneering initiatives for greater diversity	736	FS5, G4-405, G4-406	5.3.3	1, 6	5, 8, 10, 17	5, 6
Respect for human rights and code of conduct	738	G4-406, 408, 409	6.3.3	1,2, 6	5, 8, 10, 17	5, 6
Commitment 5 – A good place to work and responsible employment management						
Transforming working practices and maintaining the strong corporate culture	739	G4-103	6.4.3		4, 8	
Focus on employees *(working conditions, health and safety, risk prevention)*	740	G4-403	6.4.3, 6.4.4, 6.4.6	6	3, 5, 8	1, 5, 6
Quality social dialogue	742	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	744	G4-401	6.4.3, 6.4.4	6	5, 8	4, 6
Change in workforce	746	G4-401, G4-402	6.4.3		5, 8	6

2021 Universal Registration Document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Recruitment / employee turnover, Organisation of working hours	749	G4-401, G4-402	6.4.3, 6.4.4		5, 8	6
Commitment 6 – A learning company supporting dynamic career path management						
Attracting candidates and retaining employees	750	G4-404	6.4.7	6	4, 5, 8, 10	1, 4
Develop skills and improve employability	751	FS4, G4-404	6.4.7, 6.8.5	1, 8	4, 5, 8, 17	1, 4
Mobility	754	G4-404	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						
Group support for microfinance, a long-term commitment	757	FS14, FS15, FS16	6.8.3, 6.8.9	6, 8, 9	1, 8, 10, 17	1-3
Providing support to vulnerable customers	758	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						
Combatting social exclusion	760	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	760	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 solidarity, the environment and the arts						
Solidarity	763	G4-413	6.4.7, 6.8.3	1, 6	3, 4, 6, 7, 8, 13, 14, 15	1, 2, 4
Arts	764		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	765	FS8, G4-201, 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 ecological transition	767	FS5, FS11, FS12, G4-201, 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
Fully supporting corporate clients in their energy and environmental transition	767	FS5, FS8, G4-201, 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 carbon footprint	769	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
Contributing to protecting biodiversity	769	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 impact of our operations						
Green company for employees (GC4E): employee engagement worldwide	770	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	770	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

2021 Universal Registration Document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Use of low-carbon electricity	773	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 greenhouses gas emissions	773	G4-305	6.5.4, 6.5.5	8	9, 11, 12, 13	1, 5, 6
Biodiversity and circular economy actions	773	G4-303, G4-304	6.5.3, 6.5.4, 6.5.6, 6.7.5	7, 9	6, 12, 15	1, 5, 6
Waste reduction	774	G4-306	6.5.3, 6.5.4, 6.5.5	7, 9	11, 12	1, 5, 6
Commitment 12 – Advance awareness and sharing of best environmental practices						
Supporting research and development on climate change and biodiversity	774	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	775	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	776	FS5	6.5.5, 6.6.6, 6.8.6, 6.8.9	9	17	4, 5
TCFD CROSS-REFERENCE TABLE**	778	G4-103, G4-201, G4-203, G4-302, FS1, FS2, FS3, FS5, FS8	6.5.4, 6.5.5, 6.7.5	7-9	7, 9, 11, 12, 13	1-6
DUTY OF CARE AND MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT	779	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, 7.3.1	1-7	3, 5, 6, 8, 13, 15, 16	1-6
EXTRA-FINANCIAL PERFORMANCE STATEMENT	789	FS9, G4-103, G4-102, 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
ELIGIBLE ACTIVITIES UNDER THE MEANING OF THE EUROPEAN TAXONOMY	794	GRI-201, FS-8			9	6
REPORT OF ONE OF THE STATUTORY AUDITORS	802	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.
(**) Task force on Climate-related Financial Disclosures.

7.11 Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated extra-financial performance statement

For the year ended December 31, 2021

This is a free English translation of the report by one of the Statutory Auditors 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.

To the BNP Paribas Annual General Meeting,

In our capacity as Statutory Auditor of BNP Paribas SA (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (Cofrac Inspection Accreditation, No. 3-1048, scope available at www.cofrac.fr) and currently adapting our management system as required by the Cofrac for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the Group 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*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on the Company's website or on request from its headquarters.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of six people between November 2021 and March 2022 and took a total of fourteen weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around fifteen interviews with people responsible for preparing the Statement.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks;
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[1]; for this information, our work was carried out on the consolidating entity;
- We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes[2] that we considered to be the most important, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[3] and covered between 21% and 40% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)*; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 15, 2022

One of the Statutory Auditors,

Deloitte & Associés

Laurence Dubois Associée, Audit	Julien Rivals Associé, Développement Durable "

(h) Section 8 entitled "General Information" on pages 742 to 774 shall be deleted in its entirety and replaced with the following:

[1] *KPI under work on biodiversity; Methodology to assess the alignment of the loan portfolio with the objectives of the Paris Agreement; Methodology to consider climate risks; Group ESG procedures; Existence of financing and investment policies (exclusion policies).*

[2] *Total workforce; Recruitment and employees leaving the Group (with breakdown by reasons for leaving); Number of trainings completed; Number of employees trained; Number of employees who completed at least two training courses; Percentage of women among the SMP population (Senior Management Position); Number of solidarity hours performed by the employees; GHG emissions in teq CO2 for Scopes 1, 2 and 3 (energy consumption and business travel); Greenhouse gas emissions in teq CO2/FTE (kWh buildings and business travel); Paper consumption and share of responsibly-sourced paper; Amount of BNPP AM products with independent sustainable finance labels in Europe; Amount of financing for renewable energies; Support (financing, investments on behalf of the bank and third parties) to associations and Social and Solidarity Economy enterprises; Share of asset under management (€ funds) at Cardif Assurance Vie with ESG analysis.*

[3] *BNP Paribas France & Portugal (social and environmental data), BNP Paribas UK (environmental data).*

▪ 8 GENERAL INFORMATION

8.1 Documents on display

This document is available on the BNP Paribas website, https://rates-globalmarkets.bnpparibas.com/gm/Public/LegalDocs.aspx, and the National Storage Mechanism (NSM) website, https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Any person wishing to receive additional information about the BNP Paribas Group can request documents, without commitment, as follows:

- by writing to:

BNP Paribas – Finance & Strategy

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 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 (BP2I) joint venture set up with IBM France at the end of 2003. BP2I 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.

BP2I 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 BP2I 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.

In 2021, BNP Paribas decided to re-internalise BP2I's activities.

To this end, on 31 December 2021, BNP Paribas purchased the shares in BP2I held by IBM, making BP2I a wholly-owned subsidiary of the Group.

8.4 Significant changes

Save as disclosed herein, there has been no significant change in the Group's financial position or financial performance since 31 March 2022, no material adverse change in the prospects of BNPP and no significant changes in the Group's financial position or financial performance since the end of the last financial period for which interim financial information has been published.

To the best of the Group's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of BNPP's solvency since 31 March 2022.

8.5 Investments

The following table lists the Group's investments since 1 January 2019 that are individually valued at over EUR 500 million and are considered material at a Group level:

Country	Announcement date	Transaction	Transaction amount	Comments
Germany Austria United Kingdom	17 December 2021 (non-binding agreement signed on 16 December 2021)	Reorganisation of the partnership between BNP Paribas Personal Finance and Stellantis: BNP Paribas would become the exclusive partner of Stellantis captive for Financing activities of all its brands in three strategic markets: Germany, Austria and the United Kingdom	Not public	Subject to customary approvals
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 2021

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
1. European Union member States	
Austria	
All In One Vermietung GmbH	Leasing Solutions
Arval Austria GmbH	Arval
BNPP Asset Management France (Austria branch)	Asset Management
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
Belgium	
AG Insurance	Insurance
Alpha Crédit SA	Personal Finance
Arval Belgium NV SA	Arval
Astridplaza	Insurance
Axepta BNPP Benelux	Retail Banking

Locations	Business
Bancontact Paytoniq Company	Retail Banking
Banking Funding Company SA	Retail Banking
BASS Master Issuer NV	Retail Banking
Batopin	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 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 Holding Benelux SA	Real Estate Services
BNPP Real Estate Investment 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
Financière des Paiements Électroniques (Belgium branch)	New Digital Businesses
FL Zeebrugge	Leasing Solutions
Fortis Lease Belgium	Leasing Solutions
Gambit Financial Solutions	Asset Management
Immobilière Sauveniere SA	Retail Banking
Isabel SA NV	Retail Banking
Locadif	Arval
Microstart	Retail Banking
Opel Finance BV	Personal Finance
Private Equity Investments(1)	Retail Banking
Sagip	Retail Banking
Sowo Invest SA NV	Retail Banking
FScholen	Corporate and Institutional Banking
BNPP Partners for Innovation Belgium	Property Companies (Property used in operations) and Others
Bulgaria	
BNPP Personal Finance (Bulgaria branch)	Personal Finance

Locations	Business
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 SA (Czech Republic branch)	Corporate and Institutional Banking
Denmark	
Arval AS	Arval
BNPP Cardif Livforsakring AB (Denmark branch)	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
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	Insurance
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 Actions PME ETI	Insurance
BNPP AM International Hedged Strategies	Asset Management
BNPP Antilles Guyane	Retail Banking

Locations	Business
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 Cardif	Insurance
BNPP Convictions	Insurance
BNPP CP Cardif Alternative	Insurance
BNPP CP Cardif Private Debt	Insurance
BNPP CP Infrastructure Investments Fund	Insurance
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 Factor	Retail Banking
BNPP France Crédit	Insurance
BNPP Global Senior Corporate Loans	Insurance
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 IRB Participations	Europe-Mediterranean
BNPP Lease Group	Leasing Solutions
BNPP Moderate Focus Italia	Insurance
BNPP Monétaire Assurance	Insurance
BNPP Multigestion	Asset Management
BNPP Multistratégies Protection 80	Insurance
BNPP Next Tech	Insurance
BNPP Nouvelle Calédonie	Retail Banking
BNPP Personal Finance	Personal Finance
BNPP Protection Monde	Insurance
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

Locations	Business
BNPP Smallcap Euroland	Insurance
BNPP Social Business France	Insurance
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 Global Senior Corporate Loans	Insurance
Cardif BNPP IP Convertibles World	Insurance
Cardif BNPP IP Signatures	Insurance
Cardif BNPP IP Smid Cap Euro	Insurance
Cardif BNPP IP Smid Cap Europe	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
Cent ASL	Arval
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
CNH Industrial Capital Europe	Leasing Solutions
Cofica Bail	Personal Finance
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(3)	Real Estate Services
Copartis	Retail Banking
Corosa	Insurance
Crédit Moderne Antilles Guyane	Personal Finance
Crédit Moderne Océan Indien	Personal Finance
Défense CB3 SAS	Insurance
Diversipierre DVP 1	Insurance
Domofinance	Personal Finance

Locations	Business
Domos 2017	Personal Finance
DVP European Channel	Insurance
DVP Green Clover	Insurance
DVP Haussmann	Insurance
DVP Heron	Insurance
E Carat 10	Personal Finance
Eclair	Insurance
Ellipsis Asset Management	Corporate and Institutional Banking
EP L	Insurance
EP1 Grands Moulins	Insurance
Euro Securities Partners	Retail Banking
Eurotitrisation	Corporate and Institutional Banking
Evollis	Personal Finance
Exane	Corporate and Institutional Banking
Exane Asset Management	Corporate and Institutional Banking
Exane Derivatives	Corporate and Institutional Banking
Exane Derivatives Gerance	Corporate and Institutional Banking
Exane Finance	Corporate and Institutional Banking
Exane Participations	Corporate and Institutional Banking
FCT Juice	Corporate and Institutional Banking
FDI Poncelet	Insurance
Financière des Italiens	Corporate and Institutional Banking
Financière des Paiements Électroniques	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 Ocean	Retail Banking
GIE Siège Issy	Real Estate Services
GPinvest 10	Insurance
Hemisphere Holding	Insurance
Hibernia France	Insurance
Icare	Insurance
Icare Assurance	Insurance
Iqera Services (Ex- Effico)	Personal Finance
JCB Finance	Leasing Solutions
Jivago Holding	Retail Banking
Karapass Courtage	Insurance
Korian et Partenaires Immobilier 1	Insurance
Korian et Partenaires Immobilier 2	Insurance
Loisirs Finance	Personal Finance

Locations	Business
Louveo	Arval
Lyf SA	New Digital Businesses
Lyf SAS	New Digital Businesses
Mediterranea	Corporate and Institutional Banking
MGF	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
Noria 2021	Personal Finance
Opel Bank	Personal Finance
Opéra Rendement	Insurance
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
Personal Finance Location	Personal Finance
Pixel 2021	Leasing Solutions
Portzamparc	Retail Banking
Preim Healthcare SAS	Insurance
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 Batipart Chadesrent	Insurance
SCI Biv Malakoff	Insurance
SCI BNPP Pierre I	Insurance
SCI BNPP Pierre II	Insurance
SCI Bobigny Jean Rostand	Insurance
SCI Bouleragny	Insurance
SCI Cardif Logement	Insurance

Locations	Business
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 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	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 Mermoz	Insurance
SNC Batipart Poncelet	Insurance
SNC Natiocredimurs	Leasing Solutions
SNC Taitbout Participation 3	Corporate and Institutional Banking
Société Francaise d'Assurances sur la Vie	Insurance
Société Lairoise de Participations	Retail Banking
Société Orbaisienne de Participations	Corporate and Institutional Banking
Tikehau Cardif Loan Europe	Insurance
United Partnership	Personal Finance
Valeur Pierre Epargne	Insurance
Valtitres FCP	Insurance
Velizy Holding	Insurance
Verner Investissements	Corporate and Institutional Banking
Verner Investissements NewCo1	Corporate and Institutional Banking
Verner Investissements NewCo2	Corporate and Institutional Banking
BNPP Agility Capital	Principal Investments
BNPP Agility Fund Equity SLP	Principal Investments
BNPP Agility Fund Private Debt SLP	Principal Investments
Antin Participation 5	Property Companies (Property used in operations) and Others

Locations	Business
BNPP Home Loan SFH	Property Companies (Property used in operations) and Others
BNPP Partners for Innovation	Property Companies (Property used in operations) and Others
BNPP Procurement Tech	Property Companies (Property used in operations) and Others
BNPP Public Sector SA (Ex- BNPP Public Sector SCF)	Property Companies (Property used in operations) and Others
Euro Secured Notes Issuer	Property Companies (Property used in operations) and Others
FCT Lafayette 2021	Property Companies (Property used in operations) and Others
FCT Laffitte 2021	Property Companies (Property used in operations) and Others
FCT Opéra 2014	Property Companies (Property used in operations) and Others
GIE Groupement Auxiliaire de Moyens	Property Companies (Property used in operations) and Others
GIE Groupement d'Etudes et de Prestations	Property Companies (Property used in operations) and Others
Transvalor	Property Companies (Property used in operations) and Others
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 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
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
Diversipierre Germany GmbH	Insurance
Exane (Germany branch)	Corporate and Institutional Banking
Folea Grundstucksverwaltungs und Vermietungs Gmbh & Co	Leasing Solutions
Fortis Lease Deutschland GmbH	Leasing Solutions
Horizon Development GmbH	Insurance
ID Cologne A1 GmbH	Insurance
ID Cologne A2 GmbH	Insurance
JCB Finance (Germany branch)	Leasing Solutions
MGF (Germany branch)	Leasing Solutions
OC Health Real Estate GmbH	Insurance
Opel Bank (Germany branch)	Personal Finance
PF Services 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

Locations	Business
Seniorenzentrum Wolfratshausen Objekt GmbH	Insurance
BNPP Emissions Und Handels GmbH	Corporate and Institutional Banking
Greece	
Arval Hellas Car Rental SA	Arval
BNPP Securities Services (Greece branch)	Securities Services
Hungary	
Arval Magyarorszag KFT	Arval
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
Ireland	
BGZ Poland ABS1 DAC	Europe-Mediterranean
BNPP Fund Administration Services Ireland Ltd	Securities Services
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
Darnell DAC	Insurance
G C Thematic Opportunities II	Insurance
Greenval Insurance DAC	Arval
SME Alternative Financing DAC	Asset Management
Aquarius + Investments PLC	Corporate and Institutional Banking
Aries Capital DAC	Corporate and Institutional Banking
BNPP Ireland Unlimited Co	Corporate and Institutional Banking
BNPP Prime Brokerage International Ltd	Corporate and Institutional Banking
BNPP Vartry Reinsurance DAC	Corporate and Institutional Banking
Madison Arbor Ltd	Corporate and Institutional Banking
Matchpoint Finance PLC	Corporate and Institutional Banking
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
AutoFlorence 2 SRL	Personal Finance
Axepta SPA	Retail Banking
Banca Nazionale Del Lavoro 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

Locations	Business
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
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
EMF IT 2008 1 SRL	Retail Banking
Era Uno SRL	Retail Banking
Eutimm SRL	Retail Banking
Exane (Italy branch)	Corporate and Institutional Banking
Exane Derivatives (Italy branch)	Corporate and Institutional Banking
Financit SPA (Ex- BNL Finance SPA)	Retail Banking
Findomestic Banca SPA	Personal Finance
Florence Real Estate Developments SPA	Personal Finance
Florence SPV SRL	Personal Finance
Fundamenta	Insurance
Horti Milano SRL	Real Estate Services
Immera SRL	Retail Banking
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
Servizio Italia SPA	Retail Banking
Sviluppo HQ Tiburtina SRL	Retail Banking
Sviluppo Residenziale Italia SRL	Real Estate Services
Tierre Securitisation SRL	Retail Banking
Vela Home SRL	Retail Banking
Vela Mortgages SRL	Retail Banking
Vela OBG SRL	Retail Banking
Vela RMBS SRL	Retail Banking
Diamante Re SRL	Corporate and Institutional Banking
BNPP Partners for Innovation Italia SRL	Property Companies (Property used in operations) and Others
Luxembourg	
Arval Luxembourg SA	Arval
Batipart Participations SAS	Insurance
BGL BNPP	Retail Banking
BNPP Asset Management Luxembourg	Asset Management
BNPP European SME Debt Fund 2 SCSP RAIF	Insurance
BNPP Flexi I	Asset Management
BNPP Fortis Funding SA	Retail Banking
BNPP Funds	Asset Management

Locations	Business
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 (Luxembourg branch)	Corporate and Institutional Banking
BNPP SB Re	Retail Banking
BNPP Securities Services (Luxembourg branch)	Securities Services
Cardif Lux Vie	Insurance
CFH Berlin Holdco SARL	Insurance
Cofhylux SA	Retail Banking
Compagnie Financière Ottomane SA	Retail Banking
Le Sphinx Assurances Luxembourg SA	Retail Banking
Lion International Investments SA	Retail Banking
Luxhub SA	Retail Banking
Rubin SARL	Insurance
Schroder European Operating Hotels Fund 1	Insurance
Seniorenzentren Deutschland Holding SARL	Insurance
Société Immobilière du Royal Building SA	Insurance
Theam Quant	Asset Management
Visalux	Retail Banking
Auseter Real Estate Opportunities SARL	Corporate and Institutional Banking
Exane Solutions Luxembourg SA	Corporate and Institutional Banking
Greenstars BNPP	Corporate and Institutional Banking
Securasset SA	Corporate and Institutional Banking
Single Platform Investment Repackaging Entity SA	Corporate and Institutional 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 NL Holding NV	Asset Management
BNPP Cardif BV	Insurance
BNPP Factoring Support	Retail 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
Heffiq Heftruck Verhuur BV	Leasing Solutions
Opel Finance NV	Personal Finance
Phedina Hypotheken 2010 BV	Personal Finance
BNPP Invest Holdings BV	Corporate and Institutional Banking
BNPP Islamic Issuance BV	Corporate and Institutional Banking

Locations	Business
BNPP Issuance BV	Corporate and Institutional Banking
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
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
Financière des Paiements Électroniques (Portugal branch)	New Digital Businesses
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 SA (Romania branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Romania branch)	Insurance
Cardif Assurances Risques Divers (Romania branch)	Insurance
Central Europe Technologies SRL	Personal Finance
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
Autonoria Spain 2021 FT	Personal Finance
Banco Cetelem SA	Personal Finance
BNPP Factor (Spain branch)	Retail Banking
BNPP Fortis (Spain branch)	Corporate and Institutional Banking

Locations	Business
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
Exane (Spain branch)	Corporate and Institutional Banking
Financière des Paiements Électroniques (Spain branch)	New Digital Businesses
Fortis Lease Iberia SA	Leasing Solutions
GCC Consumo Establecimiento Financiero de Credito SA	Personal Finance
International Development Resources AS Services SA	Personal Finance
Noria Spain 2020 FT	Personal Finance
Opel Bank (Spain branch)	Personal Finance
Securitisation funds UCI and RMBS Prado(2)	Personal Finance
Servicios Financieros Carrefour EFC SA	Personal Finance
Union de Creditos Inmobiliarios SA	Personal Finance
Wapiti Development SL	Real Estate Services
XFERA Consumer Finance EFC SA	Personal Finance
Ejesur SA	Corporate and Institutional Banking
Ribera Del Loira Arbitrage	Corporate and Institutional Banking
Sweden	
Alfred Berg Kapitalforvaltning AS (Sweden branch)	Asset Management
Arval AB	Arval
BNPP Cardif Livforsakring AB	Insurance
BNPP Leasing Solutions AB	Leasing Solutions
BNPP SA (Sweden branch)	Corporate and Institutional Banking
Cardif Forsakring AB	Insurance
Cardif Nordic AB	Insurance
Ekspres Bank AS (Sweden branch)	Personal Finance
Exane (Sweden branch)	Corporate and Institutional Banking
2. Other European countries	
Guernsey	
BNPP Securities Services (Guernsey branch)	Securities Services
BNPP Suisse SA (Guernsey branch)	Corporate and Institutional Banking
Jersey	
BNPP Securities Services (Jersey branch)	Securities Services
Monaco	
BNPP SA (Monaco branch)	Retail Banking
BNPP Wealth Management Monaco	Wealth Management
Norway	

Locations	Business
Alfred Berg Kapitalforvaltning AS	Asset Management
Arval AS Norway	Arval
BNPP Cardif Livforsakring 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
Cardif Insurance Co LLC	Insurance
BNPP Bank JSC	Corporate and Institutional Banking
BNPP Technology LLC	Corporate and Institutional Banking
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
Cardif Assurance Vie (Switzerland branch)	Insurance
Cardif Assurances Risques Divers (Switzerland branch)	Insurance
Exane (Switzerland branch)	Corporate and Institutional Banking
Exane Derivatives (Switzerland branch)	Corporate and Institutional Banking
Opel Finance SA	Personal Finance
BNPP Suisse SA	Corporate and Institutional Banking
Ellipsis AM Suisse SARL	Corporate and Institutional Banking
United Kingdom	
Allfunds Group PLC (Ex- Allfunds UK Ltd)	Securities Services
Arval UK Group Ltd	Arval
Arval UK Leasing Services Ltd	Arval
Arval UK Ltd	Arval
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 Leasing Solutions Ltd	Leasing Solutions
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

Locations	Business
Claas Financial Services Ltd	Leasing Solutions
CNH Industrial Capital Europe Ltd	Leasing Solutions
Creation Consumer Finance Ltd	Personal Finance
Creation Financial Services Ltd	Personal Finance
E Carat 10 PLC	Personal Finance
E Carat 11 PLC	Personal Finance
E Carat 12 PLC	Personal Finance
Exane (United Kingdom branch)	Corporate and Institutional Banking
Exane Derivatives (United Kingdom branch)	Corporate and Institutional Banking
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
Manitou Finance Ltd	Leasing Solutions
Parker Tower Ltd	Real Estate Services
Pinnacle Insurance PLC	Insurance
REPD Parker Ltd	Real Estate Services
Vauxhall Finance PLC	Personal Finance
BNP PUK Holding Ltd	Corporate and Institutional Banking
BNPP Net Ltd	Corporate and Institutional Banking
Kantox Ltd	Corporate and Institutional Banking
Ukraine	
Joint Stock Company Ukrsibbank	Europe-Mediterranean
3. Africa & Mediterranean basin	
Algeria	
BNPP El Djazair	Europe-Mediterranean
Cardif El Djazair	Insurance
Bahrain	
BNPP SA (Bahrain branch)	Corporate and Institutional Banking
Botswana	
RCS Botswana Pty Ltd	Personal Finance
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
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

Locations	Business
Qatar	
BNPP SA (Qatar branch)	Corporate and Institutional Banking
Saudi Arabia	
BNPP SA (Saudi Arabia branch)	Corporate and Institutional Banking
BNPP Investment Co KSA	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
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 ARF Teknoloji Anonim Sirketi	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 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
4. Americas	
Argentina	
BNPP SA (Argentina branch)	Corporate and Institutional Banking
Cardif Seguros SA	Insurance
Bermuda	
Decart Re Ltd	Corporate and Institutional Banking
Brazil	
Arval Brasil Ltda	Arval
Banco Cetelem SA	Personal Finance
BGN Mercantil E Servicos Ltda	Personal Finance
BNPP Asset Management Brasil Ltda	Asset Management
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

Locations	Business
Luizaseg	Insurance
NCVP Participacoes Societarias SA	Insurance
Banco BNPP Brasil SA	Corporate and Institutional Banking
BNPP EQD Brazil Fund Fundo de Investmento Multimercado	Corporate and Institutional Banking
BNPP Proprietario Fundo de Investimento Multimercado	Corporate and Institutional Banking
Canada	
BNPP Leasing Solutions Canada Inc	Retail Banking
BNPP SA (Canada branch)	Corporate and Institutional Banking
BNPP Canada Corp	Corporate and Institutional Banking
BNPP IT Solutions Canada Inc	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	
Cardif Colombia Seguros Generales SA	Insurance
BNPP Colombia Corporacion Financiera SA	Corporate and Institutional Banking
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
BNPP Mexico Holding	Corporate and Institutional Banking
BNPP Mexico SA Institucion de Banca Multiple	Corporate and Institutional Banking
Panama(4)	
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 Financial Services LLC	Securities Services
BNPP Fortis (United States branch)	Corporate and Institutional Banking
BNPP SA (United States branch)	Corporate and Institutional Banking
BOW Auto Receivables LLC	Retail Banking
BWC Opportunity Fund 2 Inc	Retail Banking

Locations	Business
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
First Santa Clara Corp	Retail Banking
United California Bank Deferred Compensation Plan Trust	Retail Banking
Ursus Real Estate Inc	Retail Banking
BNPP Capital Services Inc	Corporate and Institutional Banking
BNPP FS LLC	Corporate and Institutional Banking
BNPP RCC Inc	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 EDMC Holdings LLC	Corporate and Institutional Banking
BNPP VPG Express LLC	Corporate and Institutional Banking
BNPP VPG I LLC	Corporate and Institutional Banking
BNPP VPG II LLC	Corporate and Institutional Banking
BNPP VPG III LLC (Ex- BNPP VPG CT Holdings LLC)	Corporate and Institutional Banking
BNPP VPG Master LLC	Corporate and Institutional Banking
Dale Bakken Partners 2012 LLC	Corporate and Institutional Banking
Exane Inc	Corporate and Institutional Banking
FSI Holdings Inc	Corporate and Institutional Banking
Starbird Funding Corp	Corporate and Institutional Banking
5. 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
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
Zhejiang Wisdom Puhua Financial Leasing Co Ltd	Personal Finance
BNPP China Ltd	Corporate and Institutional Banking
Hong Kong	
BNPP Asset Management Asia Ltd	Asset Management
BNPP SA (Hong Kong branch)	Corporate and Institutional Banking
BNPP Securities Services (Hong kong branch)	Securities Services
BNPP Arbitrage Hong Kong Ltd	Corporate and Institutional Banking
BNPP Finance Hong Kong Ltd	Corporate and Institutional Banking
BNPP Securities Asia Ltd	Corporate and Institutional Banking
India	

Locations	Business
BNPP Asset Management India Private Ltd	Asset Management
BNPP Global Securities Operations Private Ltd	Securities Services
BNPP SA (India branch)	Corporate and Institutional Banking
Espresso Financial Services Private Limited (Ex- Sharekhan Comtrade Private Limited)	Personal Investors
Geojit Technologies Private Ltd	Personal Investors
Human Value Developers Private Ltd	Personal Investors
Sharekhan BNPP Financial Services Ltd	Personal Investors
Sharekhan Ltd	Personal Investors
BNPP India Holding Private Ltd	Corporate and Institutional Banking
BNPP India Solutions Private Ltd	Corporate and Institutional Banking
BNPP Securities India Private Ltd	Corporate and Institutional Banking
Indonesia	
BNPP Asset Management PT	Asset Management
Bank BNPP Indonesia PT	Corporate and Institutional Banking
BNPP Sekuritas Indonesia PT	Corporate and Institutional Banking
Japan	
BNPP Asset Management Japan Ltd	Asset Management
BNPP SA (Japan branch)	Corporate and Institutional Banking
Cardif Life Insurance Japan	Insurance
Cardif Non Life Insurance Japan	Insurance
BNPP Securities Japan Ltd	Corporate and Institutional Banking
Malaysia	
BNPP SA (Malaysia branch)	Corporate and Institutional Banking
BNPP Malaysia Berhad	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
Cardif Life Insurance Co Ltd	Insurance
BNPP Securities Korea Co Ltd	Corporate and Institutional Banking
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
Taiwan	
BNPP Cardif TCB Life Insurance Co Ltd	Insurance
BNPP SA (Taiwan branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Taiwan branch)	Insurance
Cardif Assurances Risques Divers (Taiwan branch)	Insurance
Paris Management Consultant Co Ltd	Insurance
BNPP Securities Taiwan Co Ltd	Corporate and Institutional Banking
Thailand	

Locations	Business
BNPP SA (Thailand branch)	Corporate and Institutional Banking
Viet Nam	
BNPP SA (Viet Nam branch)	Corporate and Institutional Banking

(1) At 31 December 2021, 11 Private Equity investment entities versus 12 Private Equity investment entities at 31 December 2020.

(2) At 31 December 2021, the securitisation funds UCI and RMBS Prado include 15 funds (FCC UCI 11, 12, 14 à 17, Fondo de Titulizacion Structured Covered Bonds, RMBS Prado III to IX and Green Belem I) versus 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) at 31 December 2020.

(3) At 31 December 2021, 115 Construction-sale companies (89 Full and 26 Equity) versus 112 at 31 December 2020 (89 Full and 23 Equity).

(4) 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 2021(*) (in millions of euros)						Financial headcount(**) as at 31 December 2021
	Revenues	Public subsidies received	Income before tax	Current tax expense	Deferred tax	Corporate income tax	
European Union member States							
Austria	100	0	21	(6)	0	(6)	162
Belgium	4,649	0	1,806	(187)	(214)	(401)	12,428
Bulgaria	70	0	22	(2)	0	(2)	824
Czech Republic	97	0	15	(6)	8	2	666
Denmark	103	0	9	1	(3)	(2)	300
Finland	7	0	1	0	0	0	37
France	14,899	0	2,466	(872)	(279)	(1,151)	53,878
Germany	2,127	0	649	(333)	4	(329)	5,605
Greece	6	0	0	0	(1)	(1)	68
Hungary	53	0	(7)	(1)	(1)	(2)	431
Ireland	227	0	99	(17)	0	(17)	510
Italy	4,967	0	1,405	(192)	(298)	(490)	17,033
Luxembourg	1,391	0	628	(118)	2	(116)	3,474
Netherlands	368	0	116	(28)	(5)	(33)	980
Portugal	219	0	81	(24)	0	(24)	7,141
Poland	971	0	242	(104)	(12)	(116)	9,562
Romania	86	0	26	(7)	2	(5)	902
Slovakia	23	0	10	(1)	(1)	(2)	404
Spain	977	0	248	(52)	5	(47)	4,210
Sweden	112	0	(8)	(2)	1	(1)	308
Other European countries							
Guernsey	9	0	2	0	0	0	23
Jersey	28	0	(1)	0	0	0	223
Monaco	52	0	14	0	1	1	71
Norway	60	0	9	(1)	(1)	(2)	178
Russia	56	0	28	(3)	(2)	(5)	491
Serbia	39	0	19	(2)	0	(2)	559
Switzerland	335	0	49	(12)	38	26	1,047
Ukraine	191	0	60	(11)	1	(10)	4,890
United Kingdom	3,567	0	1,339	(269)	27	(242)	7,473
Africa & Mediterranean basin							
Algeria	79	0	25	(15)	3	(12)	1,240
Bahrain	43	0	(10)	0	0	0	269
Botswana	3	0	1	0	0	0	9
Burkina Faso	8	0	1	0	0	0	0
Guinea	15	0	3	0	0	0	0
Ivory Coast	70	0	20	(2)	0	(2)	657
Kuwait	5	0	0	0	0	0	19

	FY 2021(*) (in millions of euros)						Financial headcount(**) as at 31 December 2021
	Revenues	Public subsidies received	Income before tax	Current tax expense	Deferred tax	Corporate income tax	
Morocco	278	0	32	(40)	13	(27)	3,130
Namibia	2	0	0	0	0	0	10
Qatar	10	0	0	0	0	0	25
Saudi Arabia	22	0	18	(3)	0	(3)	52
Senegal	52	0	15	(3)	0	(3)	470
South Africa	185	0	48	(19)	4	(15)	1,379
Tunisia	0	0	0	0	0	0	0
Turkey	708	0	274	(42)	(21)	(63)	9,545
United Arab Emirates	40	0	(13)	0	3	3	144
Americas							
Argentina	29	0	9	0	3	3	81
Bermuda	0	0	0	0	0	0	0
Brazil	406	0	56	(37)	24	(13)	1,546
Canada	35	0	33	(10)	1	(9)	968
Chile	75	0	25	(17)	13	(4)	490
Colombia	57	0	17	(12)	9	(3)	554
Mexico	84	0	30	(9)	(1)	(10)	741
Panama(1)	0	0	0	0	0	0	0
United States of America	5,065	0	1,931	(289)	(54)	(343)	12,502
Asia & Pacific							
Australia	190	0	37	(6)	(3)	(9)	480
China	122	0	31	(6)	9	3	490
Hong Kong	1,005	0	317	(33)	(2)	(35)	2,315
India	288	0	188	(89)	11	(78)	11,228
Indonesia	46	0	14	(6)	3	(3)	164
Japan	514	0	304	(62)	(32)	(94)	666
Malaysia	14	0	1	0	0	0	102
New Zealand	(2)	0	(10)	0	0	0	44
Philippines	0	0	0	0	0	0	0
Republic of Korea	112	0	32	0	(10)	(10)	345
Singapore	624	0	237	(33)	0	(33)	1,874
Taiwan	221	0	122	(13)	(4)	(17)	626
Thailand	19	0	1	(1)	0	(1)	89
Viet Nam	22	0	6	(2)	0	(2)	95
GROUP TOTAL	**46,235**	**0**	**13,143**	**(2,998)**	**(759)**	**(3,757)**	**186,223**
Reclassification of discontinued activities (note 7.d)	(2,473)	0	(893)	192	(19)	173	
Total continuing activities	**43,762**	**0**	**12,250**	**(2,806)**	**(778)**	**(3,584)**	**177,235**

(*) The financial data correspond to the contribution income of fully consolidated entities under exclusive control.

(**) Financial headcount: Full-Time Equivalents (FTE) at 31 December 2021 in wholly controlled, fully consolidated entities.

(1) 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

This English translation is for the convenience of English-speaking readers. However, only the French text has any legal value. Consequently, the translation may not be relied upon to bring any legal claim, nor should it be used as the basis of any legal opinion. BNP PARIBAS expressly disclaims all liability for any inaccuracy herein.

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 Établissements 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 2,468,663,292 euros divided into 1,234,331,646 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

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2021

To the Shareholders,

BNP Paribas SA

16, boulevard des Italiens

75009 PARIS

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.

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 agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, 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 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 approved in previous years

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreement, previously approved by the Annual General Meeting on 26 May 2016, was 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, 15 March 2022

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Laurence Dubois	Patrice Morot	Virginie Chauvin "

(i) Section 9 entitled "Statutory Auditors" on page 775 shall be deleted in its entirety and replaced with the following:

" 9 STATUTORY AUDITORS

9.1 Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
6, place de la Pyramide	63, rue de Villiers	61, rue Henri Regnault
92908 Paris-La Défense Cedex	92208 Neuilly-sur-Seine Cedex	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, 61, rue Henri Regnault, Courbevoie (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*)."

(j) Section 11 entitled "Quarterly Financial Information" on pages 777 to 847 shall be deleted in its entirety and replaced with the following:

"11 QUARTERLY FINANCIAL INFORMATION

11.1 First quarter 2022 results

SOLID RESULTS

BNP Paribas achieved a robust performance on the back of its diversified and integrated model and its prudent risk management.

The Group's diversification and ability to accompany clients and the economy in a comprehensive way continued to drive strong growth in activity and results in the first quarter 2022.

This was seen in the strong momentum achieved this quarter, which was sustained by strategic developments realised in 2021 and 2022 and initiatives backed by all business lines within the GTS 2025 plan. This momentum is already supporting a solid trajectory in 2022 in an environment that is nonetheless more contrasted in the short term. Against this backdrop, BNP Paribas is benefiting more than ever from the strengths of its model in generating growth greater than the underlying economy and thus confirms the Group's overall objectives for 2025[1].

All in all, revenues, at 13,218 million euros, increased by 11.7% compared to the first quarter 2021.

In the operating divisions, revenues increased by 13.5% at historical scope and exchange rates and by 12.1% at constant scope and exchange rates, thanks to strong business drive. They were driven by very strong growth in revenues at CIB (+28.1% at historical scope and exchange rates, +23.6% at constant scope and exchange rates) with the crystallisation of market share gains and the acceleration provided by strategic developments in 2021 and 2022, particularly in the Equities and Securities Services business line. Revenues rose sharply by 8.5%[2] at Commercial, Personal Banking & Services at historical scope and exchange rates and by 8.1%[2] at constant scope and exchange rates. They were driven, on the one hand, by strong growth at Commercial & Personal Banking (+7.5%[2] compared to the first quarter 2021), due, in turn, to a further increase in fees and an improvement in net interest income, and, on the other hand, by the very sharp increase in revenues at Specialised Businesses (+10.6% compared to the first quarter 2021), especially at Arval. The environment was lacklustre in Investment & Protection Services with unfavourable market trends in the first quarter 2022. As a result, IPS revenues decreased by 0.2% at historical scope and exchange rates but increased by 0.8% at constant scope and exchange rates compared to the first quarter 2021.

The Group's operating expenses, at 9,653 million euros, were up by 12.3% compared to the first quarter 2021, in relation with the support for business development and the significant increase of taxes subject to IFRIC 21, particularly the sharp increase of the estimated contribution to the Single Resolution Fund. They were up by 7.0% at constant scope and exchange rates and excluding taxes subject to IFRIC 21.

Hence, when excluding taxes subject to IFRIC 21, operating expenses rose by 9.5% compared to the first quarter 2021, and the jaws effect was positive. Indeed, operating expenses this quarter included for 1,829 million euros (1,451 million euros in the first quarter 2021) for almost the entire amount of taxes and contributions pursuant to the application of IFRIC 21 "Taxes" for the year, including the estimated contribution to the Single Resolution Fund, which came to 1,256 million euros in the first quarter 2022, increasing by 303 million euros compared to the first quarter 2021. Operating expenses this quarter also included the exceptional impact of restructuring costs[3] and adaptation costs[4] (26 million euros) and IT reinforcement costs (49 million euros) for a total of 76 million euros (vs. total exceptional operating expenses of 77 million euros in the first quarter 2021).

In the operating divisions, operating expenses were up by 9.4% at historical scope and exchange rates and by 7.5% at constant scope and exchange rates compared to the first quarter 2021. The jaws effect was very positive. Operating expenses at CIB increased by 18.3% at historical scope and exchange rates and by 13.3% at constant scope and exchange rates compared to the first quarter 2021, driven by the support for business growth and the impact of the change in scope. The jaws effect was highly positive (+9.8 points). Operating expenses were up by 5.2% compared to the first quarter 2021 at Commercial, Personal Banking & Services[5], with the growth in business activity and scope effects at Commercial & Personal Banking and Specialised Businesses. The jaws effect was very positive (+3.3 points). Operating expenses were up by 5.1% compared to the first quarter 2021 at Commercial & Personal Banking[1] and by 5.5% at Specialised Businesses. At Investment & Protection Services, operating expenses rose by 3.6% at historical scope and exchange rates and by 3.9% at constant scope and exchange rates, due mainly to support to business development and targeted initiatives.

The Group's gross operating income thus came to 3,565 million euros, up by 10.3% compared to the first quarter 2021.

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[1] See "2022-2025 Strategic Plan" part of this press release

[2] Including 100% of Private Banking in Commercial, Personal Banking in the euro zone, Europe-Mediterranean and the United States (including PEL/CEL effects in France)

[3] Restructuring costs related to the restructuring of certain businesses (in particular at CIB)

[4] Adaptation measures related in particular to CIB, Commercial & Personal Banking and Wealth Management

[5] Including 100% of Private Banking in Commercial & Personal Banking in the euro zone, Europe-Mediterranean and the United States

The cost of risk, at 456 million euros, decreased by 49.1% compared to the first quarter 2021 and stood at 20 basis points of customer loans outstanding. It is very low and mainly reflects releases of provisions on performing loans (stages 1 and 2), especially at BancWest. When excluding BancWest, it would have come to 30 basis points of customer loans outstanding.

The Group's operating income, at 3,109 million euros, thus rose very strongly, by 33.1% compared to the first quarter 2021, and was up very sharply in the operating divisions (+51.0% compared to the first quarter 2021).

Non-operating items totalled 168 million euros in the first quarter 2022 (487 million euros in the first quarter 2021). Exceptional items decreased sharply compared to the first quarter 2021. They included the positive impact of +244 million euros from the badwill on bpost bank and a capital gain on the sale of a stake of +204 million euros, offset by the impairment on Ukrsibbank's securities for -159 million euros and the negative -274 million euro impact related to the reclassification to profit and loss of exchange differences[1]. Total non-operating items came to +15 million euros, compared to a total of +398 million euros in the first quarter 2021, which had included the +96 million euro capital gain on the sale of a stake held by BNP Paribas Asset Management and a +302 million euro capital gain on the sale of buildings.

Pre-tax income rose by 16.1% compared to the first quarter 2021, to 3,277 million euros (2,823 million euros in the first quarter 2021).

The average corporate tax rate was 36.5%, due in particular to the first-quarter recognition of taxes and contributions subject to IFRIC 21 "Taxes", a large portion of which are not deductible. The average corporate tax rate was 35.9% in the first quarter 2021.

The Group's net income attributable to equity holders thus came to 2,108 million euros in the first quarter 2022, up very sharply by 19.2% compared to the first quarter 2021 (1,768 million euros). When excluding exceptional items and taxes subject to IFRIC 21, it came to 3,785 million euros, up very sharply by 34.0% compared to the first quarter 2021.

Return on tangible equity not revaluated stood at 13.5%.

As at 31 March 2022, the common equity Tier 1 ratio stood at 12.4%[2]. The Group's immediately available liquidity reserve amounted to 468 billion euros, equivalent to over one year of room to manoeuvre in terms of wholesale funding. The leverage ratio[3] stood at 3.8%.

Tangible book value[4] per share stood at 80.1 euros, equivalent to a compound annual growth rate of 7.2% since 31 December 2008 and illustrating continuous value creation throughout economic cycles.

The Group is engaged in support of Ukraine. It has donated 14.5 million euros to its long-standing NGO partners (the UN Refugee Agency, the Red Cross and Doctors Without Borders), as well as to associations in France, Poland and Ukraine. The Group is also taking care of the housing of more than 1,700 of its Ukrainian colleagues and their families.

It continues to mobilise around social challenges and in supporting clients in the energy and environmental transition.

The Group also continues to reinforce its internal controls mechanism

[1] Previously recorded in the Consolidated Equity

[2] CRD4, including IFRS9 transitional arrangements

[3] Calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021

[4] Revaluated

CORPORATE AND INSTITUTIONAL BANKING (CIB)

CIB achieved a very strong increase in its results, driven by strong client activity, the diversification of its business lines and its enhanced capabilities to meet customer needs.

CIB's positions in EMEA[1] are consolidated on the various platforms (Equities, Capital Markets, Transaction Banking, etc.). Prime brokerage and BNP Paribas Exane activities have been integrated, and the division continues to expand in the Americas and the Asia-Pacific region.

Client demand was very strong on the fixed-income, currency and commodity derivatives markets, and the level of activity was very good in equities. In a primary market that was less buoyant than in previous years, financing businesses performed well. On a market that was less active (-25% compared to the first quarter 2021)[2], global bookrunner volumes in syndicated loans, bonds and equities decreased by just 15% compared to the first quarter 2021. Securities Services was driven by strong business momentum and high transaction levels.

At 4,702 million euros, CIB revenues were up sharply, by 28.1% (+23.6% at constant scope and exchange rates) compared to the first quarter 2021, with a good performance at Global Banking (+2.0% compared to a high basis of comparison in the first quarter 2021), a very steep rise at Global Markets (+52.8% compared to the first quarter 2021) and a sharp increase at Securities Services (+5.5% compared to the first quarter 2021).

Global Banking revenues rose by 2.0% compared to the first quarter 2021, to 1,268 million euros and decreased by 0.8% at constant scope and exchange rates. Revenues improved in the Asia-Pacific region and were stable compared to a high base in the first quarter 2021 in EMEA[1] and the Americas. On less buoyant debt and equity markets, Capital Markets achieved a good relative performance, with revenues down by just 8% compared to the first quarter 2021. Asset-financing revenues were up, while trade finance and cash management rose by 6% compared to the first quarter 2021. Business volumes were up. Loans outstanding rose steadily, to 168 billion euros[3], a 9.3%[3] increase compared to the first quarter 2021 and a 3.0%[3] increase compared to fourth quarter 2021. At 190 billion euros[3], deposits expanded by 0.5%[3] compared to the first quarter 2021 and by 1.8%[3] compared to fourth quarter 2021.

Driven by the new dimension of its set-up and by very sustained client activity on the whole, Global Markets were up very sharply, by 52.8% compared to the first quarter 2021 at historical scope and exchange rates and by 46.3% at constant scope and exchange rates. Activity on the fixed-income, currency and commodities markets was very robust, with strong demand from clients, in particular for their reallocation as well as hedging needs. Global Markets also achieved a high level of activity in prime services and cash equities with strong momentum in derivatives, in particular in structured products, early in the quarter.

Revenues at FICC[4] amounted to 1,700 million euros, up very sharply, by 47.9% compared to the first quarter 2021, driven by very good performances on the fixed-income, currency and commodities derivatives markets, despite a less favourable environment in primary business and on the credit markets.

Equity and Prime Services revenues, at 1,121 million euros, rose very sharply, by 60.9% compared to the first quarter 2021, driven by very strong client activity in all business lines, a contribution of about 80 million euros from BNP Paribas Exane, and the contribution by new prime services clients. VaR (1 day, 99%), which measures the level of market risks, remained low, thanks to prudent management and despite high volatility in late February and in March. It stood at 33 million euros.

At 613 million euros, Securities Services revenues were up by 5.5% at historical scope and exchange rates compared to the first quarter 2021 and by 4.1% at constant scope and exchange rates, on the back of an increase in transaction fees, and the effect of the increase in average assets due to the onboarding of new clients in 2021. This quarter, Securities Services renewed its partnership with Caisse des Dépôts Group in France and won major new mandates in all regions. It also continued its transformation and prepared the merger of the BNP Paribas Securities Services legal entity with BNP Paribas SA, which is scheduled for 1 October 2022. Securities Services' assets at the end of the quarter were up by 2.9% compared to 31 March 2021, with a record volume of transactions of 39 million in the first quarter 2022 (+8.0% compared to the first quarter 2021).

[1] EMEA: Europe, Middle East and Africa

[2] Source: Dealogic as at 31.03.22

[3] Average outstandings, change at constant scope and exchange rates

4 Fixed Income, Currency and Commodities

CIB's operating expenses, at 3,353 million euros, were up by 18.3% compared to the first quarter 2021 (+13.3% at constant scope and exchange rates), driven by growth in business activity. The jaws effect was very positive (+9.8 points).

At 1,349 million euros, CIB's gross operating income increased by 61.4% compared to the first quarter 2021.

At 2 million euros, CIB's cost of risk was very low, improving by 20 million euros at Global Banking, due to releases of provisions on performing loans (stages 1 & 2) and a very low cost of risk on non-performing loans.

CIB thus achieved pre-tax income of 1,353 million euros, up very sharply, by 98.1% compared to the first quarter 2021.

COMMERCIAL, PERSONAL BANKING & SERVICES

Commercial, Personal Banking & Services achieved very sustained growth, driven by very strong momentum at Commercial & Personal Banking and solid increase at Specialised Businesses. Loans outstandings increased by 4.8% compared to the first quarter 2021. Deposits were up by 8.2% compared to the first quarter 2021. Private Banking achieved very good net asset inflows of almost 5.0 billion euros in the first quarter 2022.

CPBS is transforming its operating model with the integration in Belgium of bpost bank, effective 1 January 2022, and the implementation of an exclusive seven-year partnership with bpost[1]. Similarly, in Italy, BNL bc is taking the first steps towards outsourcing certain IT activities. And, effective 1 February 2022, Specialised Businesses consolidated Floa, the leader in Buy now Pay Later solutions in France.

CPBS continues to digitalise, with 263 million monthly connections to the mobile apps[2] in the first quarter 2022, or a +21% increase compared to the first quarter 2021.

Revenues[3], at 6,979 million euros, increased by 8.5% at historical scope and exchange rates and by 8.1% at constant scope and exchange rates compared to the first quarter 2021. The performance of Commercial & Personal Banking was very robust (+7.5% compared to the first quarter 2021), with a very strong increase by Commercial & Personal Banking in the Euro zone (+6.5% compared to the first quarter 2021) and a significant increase in revenues at Europe-Mediterranean (+46.0% compared to the first quarter 2021 at constant scope and exchange rates). Specialised Businesses were up sharply, by 10.6% at historical scope and exchange rates compared to the first quarter 2021[4], driven mainly by a very strong increase at Arval and Leasing Solutions and good momentum at Personal Finance.

Operating expenses[3], at 4,848 million euros, were up by 5.2% compared to the first quarter 2021, in relation with the support of business development. The jaws effect was very positive (+3.3 points).

Gross operating income[3], at 2,131 million euros, rose sharply by 17.0% compared to the first quarter 2021.

At 401 million euros, the cost of risk[3] decreased by 40.0% compared to the first quarter 2021, due mainly to releases of provisions booked at BancWest.

As a result, after allocating one-third of Private Banking's net income to the Wealth Management business (Investment & Protection Services division), CPBS achieved pre-tax income[5] of 1,761 million euros, up very sharply, by 58.7% compared to the first quarter 2021.

[1] Subject to approval from the relevant authorities

[2] Scope: individual, small business and private banking customers of Commercial & Personal Banking and digital banks, Nickel and Personal Finance

[3] Including 100% of Private Banking including PEL/CEL effects (+€11m in the first quarter 2022, +€1m in the first quarter 2021)

[4] 8.8% at constant scope and exchange rates compared to the first quarter 2021

[5] Including PEL/CEL effects (+€11m in the first quarter 2022, +€1m in the first quarter 2021)

Commercial & Personal Banking in France (CPBF)

CPBF's business activity rose in all customer segments. Loans outstanding increased by 2.4% compared to the first quarter 2021, driven by a good level of production of mortgage loans and good momentum in consumer loans and corporate loans. Deposits were up by 6.3% compared to the first quarter 2021, including an increase in corporate and individual customer deposits.

The business achieved a strong increase in fees, benefitting from good business drive on the back mainly of strong corporate client demand and the continued good performance of payment means and cash management fees. Off-balance sheet savings expanded by 0.7% compared to 31 March 2021, driven by an increase in gross asset inflows in life insurance (+6.6% compared to the first quarter 2021), which were offset by a decrease in short-term mutual fund outstandings. Private Banking in France achieved very strong net asset inflows of 2.3 billion euros.

Revenues[1] came to 1,613 million euros, up by 8.9% compared to the first quarter 2021. Net interest income[1] was up sharply, by 6.2%, thanks to a solid credit margin, driven by higher volumes and positive momentum at specialised subsidiaries. Fees[1] rose sharply, by 12.0% compared to the first quarter 2021, reaching a level higher than in 2019 (+12.2% compared to first quarter 2019).

Operating expenses[1], at 1,239 million euros, increased by 5.4% compared to the first quarter 2021, driven by support for growth partially offset by the ongoing impact of adaptation measures. The jaws effect was very positive (+3.5 points). When excluding taxes subject to IFRIC 21, operating expenses rose by 3.6%.

Gross operating income[1] came to 374 million euros, up by 22.4% compared to the first quarter 2021.

The cost of risk[1] stood at 93 million euros, an improvement of 32 million euros compared to the first quarter 2021. At 17 basis points of customer loans outstanding, it is at a low level.

As a result, after allocating one-third of French Private Banking's net income to the Wealth Management business (Investment & Protection Services division), CPBF achieved 250 million euros in pre-tax income[2], up sharply, by 63.2%, compared to the first quarter 2021.

[1] Including 100% of Private Banking including PEL/CEL effects (+€11m in the first quarter 2022, +€1m in the first quarter 2021)

[2] Including PEL/CEL effects (+€11m in the first quarter 2022, +€1m in the first quarter 2021)

BNL banca commerciale (BNL bc)

BNL bc achieved strong business drive on the quarter. Loans outstanding were up by 2.1% compared to the first quarter 2021 and by 4.4% on the scope excluding non-performing loans. Deposits increased by 8.5% compared to the first quarter 2021 and rose in all customer segments. Off-balance sheet savings increased by 3.9% compared to 31 March 2021, driven by good growth in outstandings, mainly in life insurance (+6.6% compared to 31 March 2021). Net asset inflows into Private Banking were very good (0.9 billion euros).

As part of the transformation of its operating model, BNL bc is taking the first steps towards outsourcing certain IT activities to accelerate its digital transformation, improve the quality of service, and variabilise costs.

Revenues[1] were down by 3.1% compared to the first quarter 2021 at historical scope, and by 1.9% at constant scope. Net interest income[1] decreased by 4.3% due to the ongoing impact of the low-interest-rate environment, which was only partly offset by the impact of higher loan volumes. Fees[1] decreased by 1.4% at historical scope but rose by 1.6% at constant scope. BNL bc's banking fees rose, in particular among corporate clients.

Operating expenses[1], at 454 million euros, decreased by 1.0% compared to the first quarter 2021 at historical scope and rose by 0.8% at constant scope. Excluding taxes subject to IFRIC 21, operating expenses decreased by 2.5%, mainly with the ongoing impact of adaptation measures (including the "Quota 100" retirement plan).

Gross operating income[1] thus came to 201 million euros, down by 7.6% compared to the first quarter 2021.

The cost of risk[1] stood at 128 million euros, up by 18 million euros compared to the first quarter 2021, despite a limited number of defaults and moderate releases of provisions on performing loans (stages 1 and 2). Il stood at 63 basis points of customer loans outstanding.

As a result, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (Investment & Protection Services division), BNL bc achieved 65 million euros in pre-tax income, down by 33.8% compared to the first quarter 2021.

[1] Including 100% of Italian Private Banking

Commercial & Personal Banking in Belgium (CPBB)

Business activity increased and reflected the effect of the consolidation of bpost bank, effective 1 January 2022. Loans outstanding increased by 13.5% compared to the first quarter 2021 and by 6.4% at constant scope, driven by the increase in individual loans, particularly mortgage loans and corporate loans. Deposits increased by 10.5% at historical scope compared to the first quarter 2021 and by 2.4% at constant scope. Off-balance sheet savings rose by 4.1% compared to 31 March 2021, with good net asset inflows of 1.1 billion euros in Private Banking.

With the integration of bpost bank and the implementation of an exclusive, seven-year distribution partnership with bpost[1], CPBB continues to adapt its retail banking operating model, in order to develop the value and quality of services and increase the cost variability.

At 935 million euros, revenues[2] were up by 8.9% compared to the first quarter 2021 at historical scope and by 4.7% at constant scope. Net interest income[2] was up by 8.1% at historical scope compared to the first quarter 2021 (+2.1% at constant scope), driven by higher loan volumes and the contribution by specialised subsidiaries. Fees[2] were up by 10.6% compared to the first quarter 2021, with increases in all customer segments.

Operating expenses[2], at 905 million euros, were up by 7.1% at historical scope compared to the first quarter 2021. At constant scope, they rose by 1.6%, due to cost-saving measures and continued optimisation of the branch network. The jaws effect was positive (+1.8 point at historical scope and +3.1 points at constant scope).

Gross operating income[2], at 30 million euros, rose sharply (14 million euros in the first quarter 2021).

The cost of risk[2] improved by 17 million euros in the first quarter 2022, driven by releases of provisions on non-performing loans (stage 3) and on performing loans (stages 1 and 2).

After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (Investment & Protection Services division), CPBB achieved 42 million euros in pre-tax income (-45 million euros in the first quarter 2021), due to the heavy impact in the first quarter 2022 of -369 million euros in taxes subject to IFRIC 21.

[1] Subject to approval from the relevant authorities

[2] Including 100% of Private Banking in Belgium

Commercial & Personal Banking in Luxembourg (CPBL)

Business drive was very good on the quarter. Loans outstanding increased by 7.3% compared to the first quarter 2021, driven by the increase in mortgage loans and corporate loans. Deposits increased by 6.7% compared to the first quarter 2021, and off-balance sheet savings rose sharply by 3.1% compared to 31 March 2021.

At 115 million euros, revenues[1] increased by 14.1% compared to the first quarter 2021. Net interest income[1] rose sharply, by 8.8%, driven by an improvement in volumes and credit margin. Fees[1] were up sharply, by 36.1%, compared to the first quarter 2021, including across-the-board increases, particularly in payment means fees.

Operating expenses[1], at 80 million euros, were up by 1.9% compared to the first quarter 2021, due to support for business development. The jaws effect was highly positive (+12.2 points).

Gross operating income[1], at 35 million euros, increased sharply, by +58.0% compared to the first quarter 2021.

The cost of risk[1] was very low with a 5 million euros release (1 million euros in the first quarter 2021).

As a result, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (Investment & Protection Services division), CPBL generated pre-tax income of 40 million euros (21 million euros in the first quarter 2021).

Europe-Mediterranean

Europe-Mediterranean continued to achieve very good business drive. Loans outstanding were up by 16.6%[2] compared to the first quarter 2021, driven by strong growth in Poland and Turkey in all customer segments, with a greater increase among corporate clients. Loan production momentum was very good (+64%[3] compared to the first quarter 2021), including an acceleration in corporate loans (+85% compared to the first quarter 2021[3]). Deposits rose by 18.1%[2] compared to the first quarter 2021, driven by increases in Poland and Turkey. There was also a steep increase in the number of digital customers (+15% compared to 31 March 2021).

Europe-Mediterranean revenues[4], at 639 million euros, rose sharply by 46.0%[2] compared to the first quarter 2021, benefiting from a positive non-recurring item in Turkey. Net interest income[4] rose sharply, driven by higher volumes and a more favourable interest-rate environment. Growth was strong in fees[4] (+21%[2] compared to the first quarter 2021) to a level far higher than in 2019 (+26%[2] compared to the first quarter 2019).

Operating expenses[4], at 422 million euros, increased by 11.6%[2] compared to the first quarter 2021, due to high wage drift. The jaws effect was extremely high (+34.4 points[2]).

Gross operating income[4], at 217 million euros, increased 2.7-fold compared to the first quarter 2021.

At 39 million euros, the cost of risk4 was stable compared to the first quarter 2021. It stood at 43 basis points of customer loans outstanding, a still-low level despite the increase in provisions on performing loans (stages 1 & 2).

After allocating one third of Private Banking's net income in Turkey and Poland to Wealth Management (Investment & Protection Services division), Europe-Mediterranean achieved pre-tax income[5] of 245 million euros, tripling its level[6] of the first quarter 2021, a performance enhanced by the strong contribution of associates.

BancWest

[1] Including 100% of Private Banking in Luxembourg

[2] At constant scope and exchange rates

[3] At constant exchange rates, including loans in Turkey, Poland, Ukraine and Morocco

[4] Including 100% of Private Banking in Turkey and in Poland

[5] Including 2/3 of Private Banking in Turkey and in Poland

[6] At constant scope and exchange rates

BancWest's business drive remained strong. Loan production rose sharply (+26.7%[1] compared to the first quarter 2021), including very good production of mortgage loans and a strong increase in collateralised equipment loans. Loans outstanding nonetheless declined by 4.7%[2] compared to the first quarter 2021, due to the impact of the end of the support measures related to the health crisis and the discontinuation of a business in 2020. Deposits rose by 3.2%[2] compared to the first quarter 2021, with a good increase in customer deposits[3]. Assets under management in Private Banking stood at 19.2 billion dollars as at 31 March 2022, a 10.7%[2] increase compared to 31 March 2021. Note that the Group announced on 20 December 2021 the sale of Bank of the West to BMO Financial Group, with the operation expected to close in late 2022[4].

Revenues[5], at 619 million euros, were down by 7.9%[2] compared to the first quarter 2021, due to a positive non-recurring item in the first quarter 2021. When excluding this impact, they were up by 0.9%[2], thanks mainly to higher volumes and banking fees.

Operating expenses[5] were up by 8.3%[2], at 475 million euros, in connection with targeted projects.

Gross operating income[5], at 144 million euros, decreased by 33.2%[2] compared to the first quarter 2021.

With a significant release of 194 million euros, cost of risk[5] improved strongly by 187 million euros compared to the first quarter 2021 with releases of provisions on performing loans (stages 1 and 2) related to the health crisis and moderate releases of provisions on non-performing loans.

As a result, after allocating one third of Private Banking's net income in the United States to Wealth Management, BancWest achieved pre-tax income[6] of 330 million euros, up by 41.1%[2] compared to the first quarter 2021.

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[1] At constant scope and exchange rates excluding Paycheck Protection Program loans

[2] At constant scope and exchanges rates

[3] Deposits excluding treasury activities

[4] Upon customary condition precedents, including the approval of the relevant antitrust and regulatory authorities; see press release of 20 December 2021

[5] Including 100% of Private Banking in the United States

[6] Including 2/3 of Private Banking in the United States

Specialised Businesses – Personal Finance

Personal Finance's business drive is good. Loan production rose (+10.8%[1] compared to the first quarter 2021) with good momentum late in the period (+5.7%[1] compared to the first quarter 2021), despite a less favourable context in the automotive segment. Average loans outstanding rose by 1.9%[2] compared to the first quarter 2021. Effective 1 February 2022, this included 50% of Floa's loans outstanding, or 0.6 billion euros. Outstanding loans remain higher than in the first quarter 2019 (even when excluding outstanding loans from the consolidation of Floa).

During the quarter, Personal Finance realised several high-synergy strategic developments, including the signing of final agreements with Stellantis (with implementation planned for the first quarter 2023) and the expansion of its offering with the closing of the acquisition of Floa.

Personal Finance revenues, at 1,388 million euros, increased by 4.2% at historical scope and exchange rates compared to the first quarter 2021 and by 2.0% at constant scope and exchange rates, driven by higher volumes and the strong increase in production.

In support of business development, operating expenses, at 776 million euros, increased by 3.4% at historical scope and exchange rates compared to the first quarter 2021 and by 1.5% at constant scope and exchange rates. The jaws effect was positive (+0.9 point at historical scope and exchange rates).

Gross operating income thus came to 612 million euros, up by 5.4% compared to the first quarter 2021.

At 315 million euros, cost of risk increased by 6 million euros, due to a provision on performing loans (stages 1 & 2) offset by the low level of provisions on non-performing loans. At 134 basis points of customer loans outstanding, cost of risk was at a low level.

Personal Finance's pre-tax income thus came to 312 million euros, up by 12.5% compared to the first quarter 2021.

Specialised Businesses – Arval & Leasing Solutions

The Specialised Businesses Arval and Leasing Solutions performed very well this quarter.

With 1.5 million vehicles financed[3], Arval expanded its financed fleet by 6.5%[3] compared to the first quarter 2021. Prices of used cars hit particularly high levels. Arval's performance benefits from a distribution in revenues that is structurally balanced, thanks to its presence throughout the entire value chain. Arval is growing at marginal cost and is targeting a 30% improvement in productivity by 2025.

Leasing Solutions' outstandings rose by 4.3%[4] compared to the first quarter 2021. Business drive continued, particularly in logistics equipment. Leasing Solutions holds solid positions[5], for example in France (with 15% market share), Italy and Belgium (21% market share).

Revenues at Arval and Leasing Solutions rose by 27.0% compared to the first quarter 2021, to 811 million euros, driven by Arval's very good performance, due, in turn, to very high used car prices and the good increase in outstandings at both businesses. Operating expenses increased by 8.4%

compared to the first quarter 2021, to 366 million euros, thanks to the ability to grow at marginal cost and the improvement in productivity. The jaws effect was extremely positive (+18.6 points).

Gross operating income at Specialised Businesses rose sharply by 47.9% compared to the first quarter 2021, at 445 million euros.

Pre-tax income of Arval and Leasing Solutions together thus rose by 54.9% compared to the first quarter 2021, to 419 million euros.

[1] Excluding Floa

[2] +1.2% excluding Floa

[3] Average fleet in thousands of vehicles

[4] At constant scope and exchange rates

[5] 2021 data for France and 2020 data for Italy and Belgium; BNP Paribas Leasing Solutions estimates of market share in equipment leasing

Specialised Businesses – New Digital Businesses (Nickel, Floa, Lyf) and Personal Investors

New Digital Businesses and Personal Investors turned in good performances on the whole.

Nickel continued to expand in France and Spain with its new-generation payment offer, with about 2.6 million accounts opened[1] as at 31 March 2022, a 26.6% increase compared to 31 March 2021 and more than 7,200 points of sale[1].

Floa, the French leader in Buy Now Pay Later solutions, the acquisition of which the Group closed on 31 January 2022, has 3.7 million customers (+21.7% compared to 31 March 2021). Floa's loan production is growing fast (+21% compared to the first quarter 2021). Floa's contribution is 50% consolidated into New Digital Businesses.

Personal Investors achieved growth in assets under management of 11.3% compared to the first quarter 2021 and an 8.6% increase in the number of clients compared to the first quarter 2021.

Revenues[2] at New Digital Businesses and Personal Investors came to 205 million euros, up by 1.2% compared to the first quarter 2021. It more than doubled in New Digital Businesses compared to the first quarter 2021, driven by Nickel's continued very strong development and the consolidation of Floa. Revenues at Personal Investors normalised at a high level compared to the first quarter 2021. At 132 million euros, operating expenses[2] of both entities were up by 11.3% compared to the first quarter 2021, due to their fast pace of development. The jaws effect of New Digital Businesses was extremely positive (+74.3 points).

Gross operating income[2] of the two entities decreased by 13.0% to 73 million euros.

The cost of risk[2] stood at 12 million euros (2 million euros in the first quarter 2021), with the consolidation of 50% of Floa's contribution, effective 1 February 2022.

Pre-tax income[3] at New Digital Businesses and Personal Investors taken together decreased by 26.6% compared to the first quarter 2021, to 58 million euros.

[1] Since inception in France and Spain

[2] Including 100% of Private banking in Germany

[3] Including 2/3 of Private banking in Germany

INVESTMENT & PROTECTION SERVICES

Business drive was good on the whole. Revenues were nonetheless hit by the unfavourable market context this quarter. Net asset inflows held up well. Insurance and Wealth Management achieved very good net asset inflows, which were offset by net asset outflows late in the quarter in Asset Management, particularly in money-market funds in line with market trends.

IPS is implementing its strategic plan. It closed the acquisition of Dynamic Credit Group in the Netherlands, in order to expand in private debt. It also continued to develop its partnerships, particularly with the signing by the Insurance business line of a long-term agreement in protection with Coppel, Mexico's second-largest retailer, which includes a bank having 14 million customers. And it continued to implement its ESG strategy, particularly in Asset Management.

IFS revenues, at 1,650 million euros, decreased slightly, by 0.2% at historical scope and exchange rates, compared to the first quarter 2021, but rose by 0.8% at constant scope and exchange rates. Insurance revenues decreased due to an unfavourable market context, although activity increased. Revenues rose in all other Wealth and Asset Management businesses.

Operating expenses, at 1,051 million euros, rose by 3.6% at historical scope and exchange rates, in support of targeted initiatives.

Gross operating income came to 599 million euros, down by 6.0% compared to the first quarter 2021.

Pre-tax income at Investment & Protection Services thus came to 683 million euros, down by 11.7% compared to a high base in the first quarter 2021, due to the sale of a stake by BNP Paribas Asset Management. Otherwise, pre-tax income would have increased slightly.

As at 31 March 2022, assets under management[1] came to 1,244 billion euros and were up by 6.0% compared to 31 March 2021 but down by 2.6% compared to 31 December 2021, due mainly to an unfavourable performance effect of -53.7 billion euros, caused by market trends but partially offset by a favourable exchange rate impact of +10.8 billion euros and a positive scope effect of +10.3 billion euros, due mainly to the closing of the acquisition of Dynamic Credit Group in the Netherlands and a new partnership in India. Total net asset inflows were, on the whole, not significant on the quarter. Net asset inflows at Wealth Management were good, particularly in Commercial & Personal Banking markets in Europe. Net asset inflows at Insurance were very good, particularly in unit-linked products, and gross asset inflows were very good in Asia, France and Luxembourg. Asset Management recorded net asset outflows, in particular late in the quarter and in money-market vehicles, in line with market trends.

As at 31 March 2022, assets under management[1] were split as follows: 553 billion euros at Asset Management (including 30 billion euros at Real Estate Investment Management and 1 billion euros at Principal Investments), 421 billion euros at Wealth Management, and 270 billion euros at Insurance.

Business drive remained strong in Insurance. The performance in Savings was very good both in France and internationally, with gross asset inflows up sharply (more than 20% higher than in the first quarter 2021) and the vast majority of net asset flows in unit-linked products. Protection continued its growth in France, with a good performance in personal protection and property & casualty (Cardif IARD), and internationally, in particular in Latin America and Asia.

Insurance revenues decreased by 8.9% compared to the first quarter 2021, to 721 million euros, due to the specific accounting impact from the market decrease. When excluding the accounting impact from market decrease, Insurance revenues would have increased significantly. Operating expenses, at 384 million euros, rose by 0.4% compared to the first quarter 2021, due to ongoing targeted projects. At 373 million euros, pre-tax income decreased by 15.6% compared to the first quarter 2021.

Performances were very good at Wealth and Asset Management[2]. Wealth Management improved, with good net asset inflows, particularly in the networks in Europe, and a very good level of financial fees. Asset Management registered outflows marked by redemptions of money-market vehicles on the heels of a very robust fourth quarter 2021. The business line continued to expand in private debt with the closing of the acquisition of Dynamic Credit Group, a Dutch mortgage specialist, which raised its assets under management in private debt and real assets to more than 20 billion euros. Real Estate Services continued to recover, particularly in Advisory in France and Germany.

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[1] Including distributed assets

[2] Asset Management, Wealth Management, Real Estate and Principal Investments

At 929 million euros, Wealth and Asset Management[1] revenues increased by 7.9% compared to the first quarter 2021 and were up in all business lines. They were driven by growth in financial fees at Wealth Management, by the high base of assets under management at Asset Management, and by the increase in revenues at Principal Investments and Real Estate Services, particularly Advisory. At 667 million euros, operating expenses increased by 5.5% compared to the first quarter 2021 with growth in activity in all business lines. Operating expenses were lower at Asset Management. The jaws effect was very positive (+2.4 points). Pre-tax income at Wealth and Asset Management thus came to 310 million euros, down by 6.6% compared to the first quarter 2021, due to the sale by BNP Paribas Asset Management of a joint venture in the first quarter 2021. Otherwise, pre-tax income would have risen by 31.6%.

CORPORATE CENTRE

Corporate Centre's scope no longer includes Principal Investments, which has been consolidated into the Investment & Protection Services division.

Corporate Centre revenues came to 66 million euros, lower than in the first quarter 2021 (243 million euros), which had booked the impact of a capital gain realised on the sale of a 4.99% stake in SBI Life in India to the amount of 58 million euros. Revenues in the first quarter 2022 include the 93-million-euro impact of the revaluation of proprietary credit risk included in derivatives (DVA), as well as the impact of a negative non-recurring item.

Operating expenses at Corporate Centre came to 511 million euros in the first quarter 2022 compared to 244 million euros in the first quarter 2021. These included an increase in taxes subject to IFRIC 21 and the exceptional impact of restructuring costs[1] and adaptation costs[2] in the amount of 26 million euros (58 million euros in the first quarter 2021) and IT reinforcement costs amounting to 49 million euros (19 million euros in the first quarter 2021).

The cost of risk was stable at -54 million euros.

Other non-operating items came to -43 million euros in the first quarter 2022 (+292 million euros in the first quarter 2021). They included the -159 million euro impact of the impairment on Ukrsibbank's securities and the -274 million euro impact of reclassification to profit and loss of exchange differences[3], partially offset by the +244 million euro impact of the badwill on bpost bank and a capital gain on a sale of a stake of 204 million euros. In the first quarter 2021, they included a +302 million euro capital gain on the sale of buildings.
Pre-tax income of Corporate Centre thus came to -519 million euros (+257 million euros in the first quarter 2021).

FINANCIAL STRUCTURE

The Group has a solid financial structure.

Its common equity Tier 1 ratio stood at 12.4%[4] as at 31 March 2022, down by 50 basis points compared to 31 December 2021, due mainly to:

- The placing of first quarter net income into reserve, based on a 60% pay-out ratio net of organic growth in risk-weighted assets (0 bp)
- The effect of the acceleration in growth of risk-weighted assets and the scope impact generated by bolt-on acquisitions (consolidation of Floa and bpost bank): (-10 bp)
- The effect of the increased volatility at the end of February and March on the counterparty risk, the impact on Other Comprehensive Income of market prices as at 31 March 2022 and the foreign exchange effect: (-10 bp)
- The impacts of the updating of models and regulations[5]: (-30 bp)

The other impacts on the ratio are limited overall.

The leverage ratio[6] stood at 3.8% as at 31 March 2022.

The Group's immediately available liquidity reserve totalled 468 billion euros as at 31 March 2022, equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

[1] Restructuring costs related particularly to the discontinuation or restructuring of certain businesses (particularly at CIB)

[2] Related in particular to CIB, CPB and Wealth Management

[3] Previously recorded in deduction of Consolidated Equity

[4] CRD4, including IFRS9 transitional arrangements

[5] In particular, IRB repair and application of new risk regulations on structural forex positions

[6] Calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021

2022-2025 Strategic Plan

Growth, Technology & Sustainability 2025

On 8 February 2022 the Group presented the outlines and priorities of its 2025 strategic plan, along with its financial objectives.

Given the gravity of the situation and the humanitarian impacts of the aggression against Ukraine, BNP Paribas announced on 9 March 2022 the postponement of presentations that were scheduled for 14 March 2022 to detail projects and initiatives related to the Technology and Sustainability pillars.

These two last major strategic pillars were presented on 3 May 2022, along with the first quarter 2022 results. These presentations are available on the investors' website at: https://invest.bnpparibas.com.

The Group reiterated its overall financial 2022-2025 objectives, i.e.:

- On average, the Group's objective is revenue growth of more than 3.5% annually[1] with a positive jaws effect of more than 2 percentage points[2] on average.
- The Group is thus targeting average annual growth in net income of more than 7% throughout the period, thus raising its ROTE to more than 11%, while maintaining a target CET1 ratio of 12% in 2025, including the full impact of the Basel 3 finalisation (CRR3), and of 12.9% in 2024[3].
- The Group's targeted ordinary pay-out ratio stands at 60%, including a minimum cash pay-out of 50%[4].

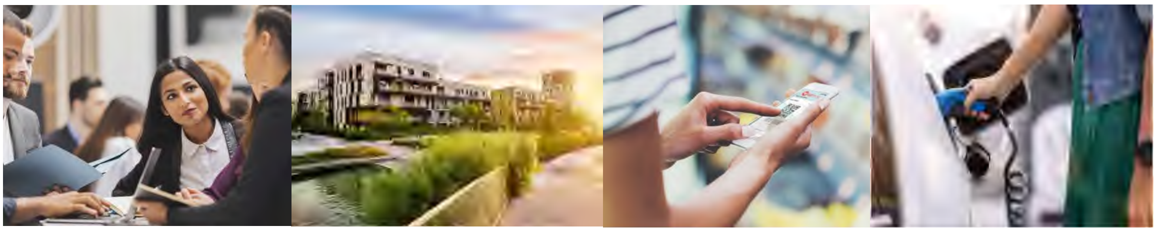
These objectives continue to apply on the Group perimeter without Bank of the West's contribution.

[1] 2021-2025 CAGR of revenues

[2] 2021-2025 CAGR of revenues less 2021-2025 CAGR of operating expenses

[3] Return on tangible equity with the full impact of the finalisation of Basel 3 (CRR3); trajectories based on known regulatory constraints and on the full impact arising from the finalisation of Basel 3 (CRR3), estimated by the Group at 8% of risk-weighted assets in 2025

[4] Subject to the approval of the Annual General Meeting



2022 FIRST QUARTER RESULTS

3 May 2022

BNP PARIBAS

The bank for a changing world

Disclaimer

The figures included in this presentation are unaudited.

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Unless otherwise mentioned, the financial information and items contained in this announcement include the activity related to BancWest reflecting an operational view. Such financial information and items therefore do not reflect the effects produced by applying IFRS 5, which pertains to non-current assets and liabilities held for sale. The press release pertaining to the 1Q22 results includes in appendix a reconciliation between the operational view presented without applying IFRS 5 and the consolidated financial statements based on an application of IFRS 5.

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1Q22: Solid results and positive jaws effects

Very strong growth in revenues

- Outperformance by **Corporate & Institutional Banking** (+28.1%)
- Strong growth in **Commercial, Personal Banking & Services**[1] (+8.5%)
- Good resilience by **Investment & Protection Services** (-0.2%)

Strong operational performance - Positive jaws effect (+3.4 pts) at constant scope & exchange rates, excl. taxes subject to IFRIC 21[2]

Support for business growth

~50% of the increase in costs due to the rise in the contribution to the SRF[2] (+€303m vs. 1Q21) as well as scope and FX effects

Cost of risk at a very low level

Significant impact this quarter from releases of provisions at BancWest (Cost of risk at 30 bps[3] excluding BancWest)

Very strong increase in net income[4]

+37.1% vs. 1Q21 when excl. exceptional items & contribution to the SRF[2]

Robust balance sheet

Acceleration in growth and specific context of the quarter (notably implementation of several changes in regulation)

Operating divisions

Revenues: +13.5% vs. 1Q21

Costs: +9.4% vs. 1Q21

Group

(at constant scope & exchange rates)

Revenues: +10.4% vs. 1Q21

Costs excluding IFRIC 21[2]**:** +7.0% vs. 1Q21

Cost of risk: 20 bps[3]

Underlying cost of risk: 30 bps[3]

Net income[4]**:** €2,108m (+19.2% vs. 1Q21)

CET1 ratio: 12.4%[5]

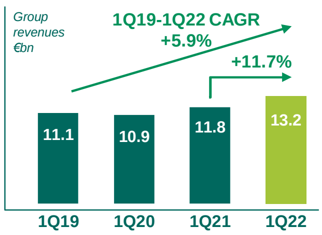
A good business drive at the start of the year consolidating 2022 trajectory

1. Including 100% of Private Banking in Commercial, Personal Banking in the euro zone, Europe-Mediterranean and the United States (including PEL/CEL effects in France); 2. Booking in 1Q of almost the entire amount of taxes and contributions for the year, based on the application of IFRIC 21 "Taxes", including the estimated contribution to the Single Resolution Fund (SRF); 3. Cost of risk / customer loans outstanding at the beginning of the period – underlying cost of risk: excluding BancWest; 4. Group share; 5. See slide 15

BNP PARIBAS The bank for a changing world First quarter 2022 results | 3

BNP Paribas' distinctive model is already supporting a solid trajectory in 2022

A diversified and integrated model generating growth greater than the underlying economy



Favourably positioned, with a balanced breakdown in revenues

CIB: 31%; Commercial & Personal Banking: 37%; CPBS and IPS specialised businesses: 32%[1]

Leading platforms and comprehensive & long-term approach to customer needs

Efficient cooperation between business lines in responding to client needs throughout the cycle

~€12.6bn in revenues generated by cross-selling (~27% of Group revenues)[2]

A solid trajectory sustained by strong initiatives in the GTS 2025 plan

Strategic developments realised in 2021 and 2022

Equity businesses, split payments, partnerships in the mobility space, etc.

Gradual redeployment of the capital released from the sale of BancWest[3]

3 cross-business initiatives with a target of more than €2bn in additional revenues by 2025

- **Payments & flows: +€0.6bn**
- **Financial savings: +€0.6bn**
- **Mobility: +€1.0bn**

1. Breakdown in 2021 revenues; 2. 2021 revenues generated by a business line (including intra-division cross-selling) with the support of a client franchise or another platform acting as distributor, excluding cash management revenues, and in trade finance, excluding allocation of CPBS Private Banking to IPS WM; 3. See press release of 20 December 2021

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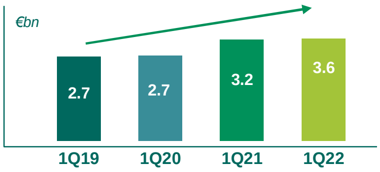
Positive jaws effects and investment capacity

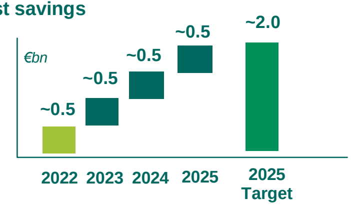
Development at marginal cost & effect of operating efficiency measures

Target: 21-25 average jaws effect >+2pts[3], positive each year and in all operating divisions

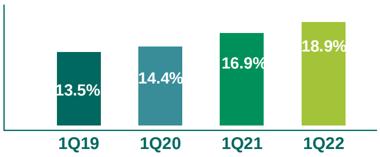
- **Steady growth in GOI[1] …**



- **Levers identified to generate €2bn in recurring cost savings**

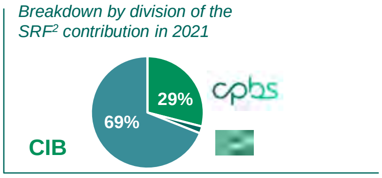


- **…despite the increase in the proportion of operating expenses taken up by taxes subject to IFRIC 21[2]**



€1,256m contribution to SRF[2] in 1Q22 (+€303m vs. 1Q21)

- **€1bn decrease in operating expenses in 2024 with the end of the SRF[2] build-up phase on 31.12.23**



1. Including 100% of Private Banking in Commercial, Personal Banking in the euro zone, Europe-Mediterranean and the United States (including PEL/CEL effects in France); 2. Booking in 1Q of almost the entire amount of taxes and contributions for the year, based on the application of IFRIC 21 "Taxes", including the estimated contribution to the Single Resolution Fund (SRF); 3. 21-25 CAGR of Revenues minus 21-25 CAGR of Operating Expenses

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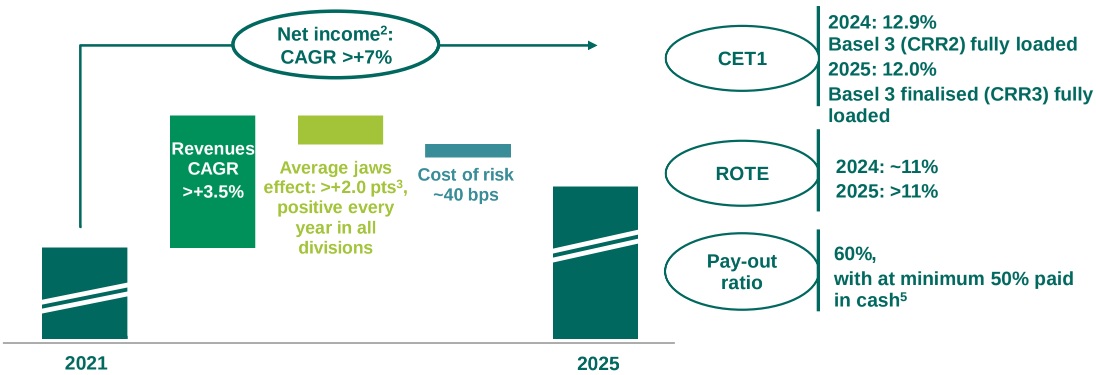
GTS 2025 strategic plan

2022-2025 Group objectives confirmed[1]



Closing of the sale of Bank of the West expected by end-2022[4]

~€11bn in capital release (~170 bps)[4]

➔ **Extraordinary distribution:** share buybacks to compensate the expected dilution in EPS in the months following the closing of the transaction[4]

➔ **An operation leading to strong value-creation:** gradual and disciplined deployment of the capital released (~110 bps) within the integrated and diversified model[4]

1. Perimeter excluding Bank of the West; 2. Group share; 3. 21-25 CAGR of Revenues minus 21-25 CAGR of Operating Expenses; 4. See press release of 20 December 2021; 5. Subject to General Meeting approval

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BNP PARIBAS

GROUP RESULTS

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1Q22 DETAILED RESULTS

APPENDICES

1Q22 – Main exceptional items and IFRIC 21 impact

Strong decrease in exceptional items; significant increase in taxes subject to IFRIC 21

	1Q22	1Q21
Exceptional items		
Operating expenses		
• Restructuring costs[1] and adaptation costs[2] (*Corporate Centre*)	-€26m	-€58m
• IT reinforcement costs *(Corporate Centre)*	-€49m	-€19m
Total exceptional operating expenses	***-€76m***	***-€77m***
Other non-operating items		
• Badwill (bpost bank) (*Corporate Centre)*	+€244m	
• Capital gain on the sale of a stake (*Corporate Centre*)	+€204m	
• Impairment (Ukrsibbank) (Corporate Centre*)*	-€159m	
• Reclassification to profit and loss of exchange differences[3] (Ukrsibbank) (*Corporate Centre*)	-€274m	
• Capital gain on the sale of a stake (*Wealth and Asset Management*)		+€96m
• Capital gain on the sale of buildings (*Corporate Centre*)		+€302m
Total exceptional other non-operating items	***+€15m***	***+€398m***
Total exceptional items (pre-tax)	**-€61m**	**+€321m**
Total exceptional items (after tax)[4]	**-€43m**	**+€236m**
Booking in 1Q of almost the entire amount of taxes & contributions for the year, based on the application of IFRIC 21 "Taxes" including the estimated contribution to the SRF (€1,256m, + €303m vs. 1Q21)	**-€1,829m**	**-€1,451m**

1. Related in particular to the discontinuation or restructuring of certain businesses (in particular at CIB); 2. Related in particular to CIB, CPB and Wealth Management; 3. Previously recorded in the Consolidated Equity; 4. Group share

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1Q22 – Consolidated Group

Solid results – Positive jaws effect excluding taxes subject to IFRIC 21

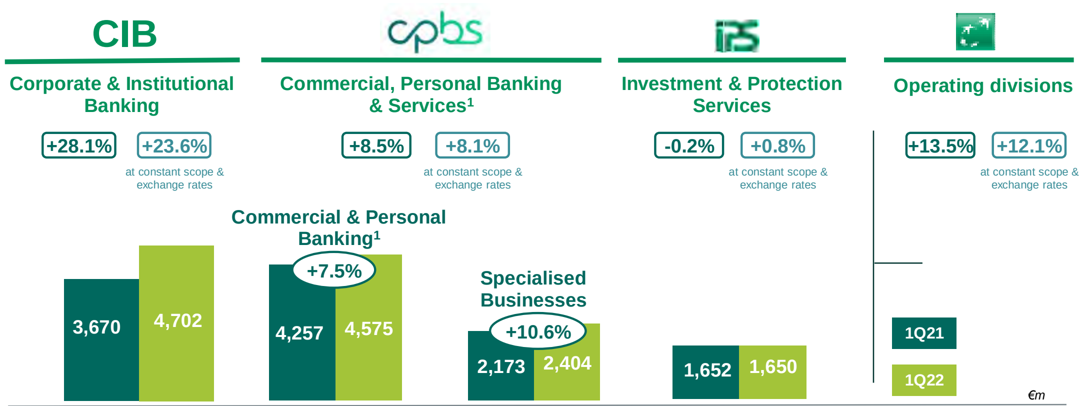
	1Q22	1Q21	1Q22 / 1Q21	1Q22 / 1Q21 Operating divisions
Revenues	**€13,218m**	**€11,829m**	**+11.7%**	**+13.5%**
Operating expenses	-€9,653m	-€8,597m	+12.3%	+9.4%
Op. expenses excluding taxes subject to IFRIC 21[1]	*-€7,824m*	*-€7,146m*	*+9.5%*	*+8.9%*
Gross operating income	**€3,565m**	**€3,232m**	**+10.3%**	**+24.1%**
Cost of risk	-€456m	-€896m	-49.1%	-52.2%
Operating income	**€3,109m**	**€2,336m**	**+33.1%**	**+51.0%**
Non-operating items	€168m	€487m	-65.5%	+6.8%
Pre-tax income	**€3,277m**	**€2,823m**	**+16.1%**	**+47.9%**
Net income, Group share	**€2,108m**	**€1,768m**	**+19.2%**	
Net income, Group share excl. exceptional items & contribution to the SRF[1]	**€3,407m**	**€2,485m**	**+37.1%**	

Return on tangible equity (ROTE)[2]: 13.5%

1. Booking in 1Q of almost the entire amount of taxes and contributions for the year, based on the application of IFRIC 21 "Taxes", including the estimated contribution to the Single Resolution Fund (SRF) (€1,256m, +€303m vs. 1Q21); 2. Not revaluated, see detailed calculation on slide 76

1Q22 – Revenues

Very solid growth driven by a diversified model



- **CIB:** very strong increase in revenues, driven by a crystallisation of market share gains & acceleration with strategic developments finalised in 2021 and 2022 (Equities, strategic mandates at BNPP Securities Services)
- **CPBS:** strong growth in Commercial & Personal Banking, with the ongoing improvement in fees and in the net interest margin, and the very strong increase in revenues at Specialised Businesses (Arval in particular)
- **IPS:** good resilience in an unfavourable market environment in 1Q22

1. Including 100% of Private Banking in Commercial, Personal Banking in the euro zone, Europe-Mediterranean and the United States (including PEL/CEL effects in France)

1Q22 – Operating expenses

Positive jaws effect in operating divisions

CIB	cpbs	IPS	
Corporate & Institutional Banking	Commercial, Personal Banking & Services[1]	Investment & Protection Services	Operating divisions
+18.3% / +13.3% at constant scope & exchange rates	+5.2% / +4.7% at constant scope & exchange rates	+3.6% / +3.9% at constant scope & exchange rates	+9.4% / +7.5% at constant scope & exchange rates

- **CIB:** accompanying business growth and impact of change in scope – a highly positive jaws effect (+9.8 pts)
- **CPBS:** increase in operating expenses with the growth in business activity and scope impacts in Commercial & Personal Banking and Specialised Businesses – a very positive jaws effect (+3.3 pts)
- **IPS:** increase in operating expenses supporting business development and targeted initiatives

1. Including 100% of Private Banking in Commercial, Personal Banking in the euro zone, Europe-Mediterranean and the United States

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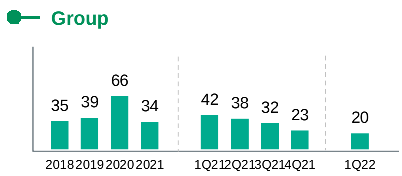
Group cost of risk

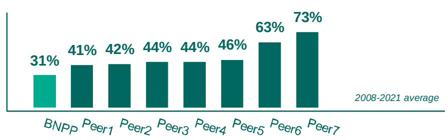
Cost of risk / Customer loans outstanding at the beginning of the period (in annualised bps)



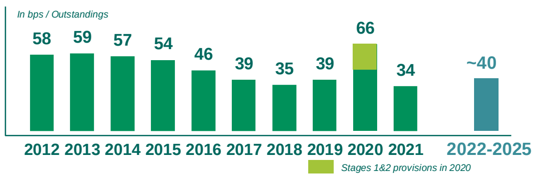
- Cost of risk: €456m (-€54m vs. 4Q21; -€440m vs. 1Q21)
- Cost of risk at a very low level
- Release of provisions on performing loans (stages 1 & 2) mainly due to BancWest (€111m provision on performing loans excluding BancWest); cost of risk at 30 bps excluding BancWest

Long-term, prudent and proactive risk management constantly improving

- **Approach based on long-term client relationships & vision**
- **Selectivity at origination**
- **Diversification and favourable positioning by sector and regions**
- **Prudent approach: CoR/GOI ratio among the best in Europe[1]**



- **Proactive and anticipated adaptation of business portfolios** (Italy, Personal Finance, Oil & Gas, shutdown in E&C specialised activities finalised in 2020)
- **Russia: very limited gross exposure (~€1.3bn as at 31.12.21[2])**
- **Steady improvement in cost of risk**



1. Source: publications of euro zone banks: BBVA, Crédit Agricole SA, Deutsche Bank, ING, Intesa SP, Santander, Société Générale, UniCredit; 2. Gross commitments, off- and on-balance sheet, on and off-shore, for all Group's businesses, on counterparties whose cash flows are largely dependent on Russia whatever their country of incorporation – including counterparty risk (Effective Expected Positive Exposure for derivatives)

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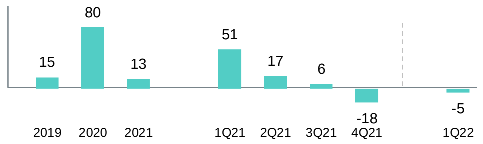
Cost of risk by Business Unit (1/2)

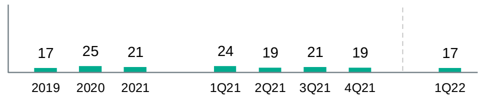
Cost of risk / Customer loans outstanding at the beginning of the period (in annualised bps)

CIB - Global Banking



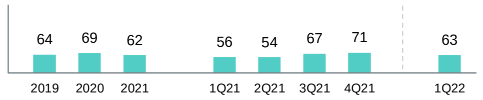
- Cost of risk: -€20m (+€52m vs. 4Q21; -€205m vs. 1Q21)
- Release of provisions on performing loans (stages 1 & 2) and cost of risk on non-performing loans at a very low level

CPBF[1]



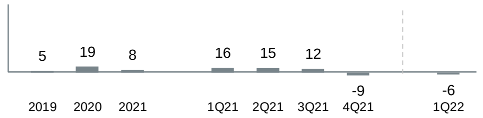
- Cost of risk: €93m (-€7m vs. 4Q21; -€32m vs. 1Q21)
- Cost of risk at a low level

BNL bc[1]



- Cost of risk: €128m (-€15m vs. 4Q21; +€18m vs. 1Q21)
- Moderate releases of provisions on performing loans (stages 1 & 2); limited number of new defaults

CPBB[1]



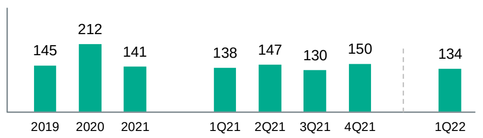
- Cost of risk: -€17m (+€10m vs. 4Q21; -€64m vs. 1Q21)
- Releases of provisions on non-performing loans (stage 3) and on performing loans (stages 1 & 2)

1. Including 100% of Private Banking

Cost of risk by Business Unit (2/2)

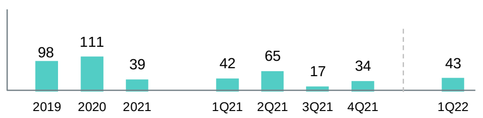
Cost of risk / Customer loans outstanding at the beginning of the period (in annualised bps)

Personal Finance



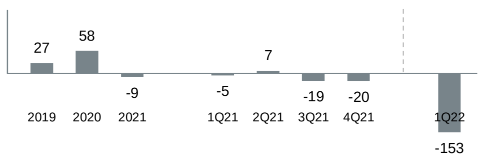
- Cost of risk: €315m (-€31m vs. 4Q21; -€6m vs. 1Q21)
- Low cost of risk – provisions on performing loans (stages 1 & 2) offset by a low level of provisions on non-performing loans

Europe-Mediterranean[1]



- Cost of risk: €39m (+€7m vs. 4Q21; +€1m vs. 1Q21)
- Low cost of risk despite the increase in the level of provisioning on performing loans (stages 1 & 2)

BancWest[1]



- Cost of risk: -€194m (-€169m vs. 4Q21; -€187m vs. 1Q21)
- Releases of provisions on performing loans (stages 1 & 2) related to the health crisis and moderate releases of provisions on non-performing loans (stage 3)

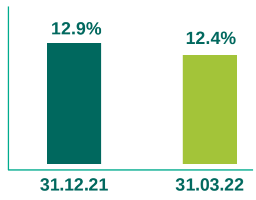
1. Including 100% of Private Banking

A very solid financial structure

CET1 ratio: 12.4%[1] as at 31.03.22

- 1Q22 results, after taking into account a 60% pay-out ratio net of organic growth in risk-weighted assets: 0 bp
- Effect of the acceleration in growth and bolt-on acquisitions[2] on risk-weighted assets: -10 bps
- Effect of the increased volatility at the end of February and in March on counterparty risk, impact on Other Comprehensive Income of market prices as at 31.03.22, foreign exchange effect: -10 bps
- Impacts from the updating of models and regulations[3]: -30 bps
- Overall limited impact of other effects on the ratio

CET1 ratio

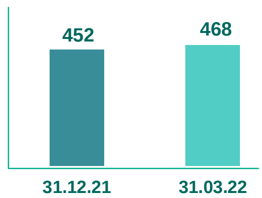


Leverage ratio[4]: 3.8% as at 31.03.22

Immediately available liquidity reserve: €468bn[5]
(€452bn as at 31.12.21): Room to manoeuvre > 1 year in terms of wholesale funding

Liquidity Coverage Ratio: 132% as at 31.03.22

Liquidity reserve (€bn)[5]



1. CRD4; including IFRS9 transitional arrangements; see slide 78; 2. Integration of Floa and bpost bank; 3. In particular, IRB repair and application of the new risk regulations on structural forex positions; 4. Calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021; 5. Liquid market assets or eligible assets in central banks (counterbalancing capacity), taking into account prudential standards, notably US standards, minus intra-day payment system needs

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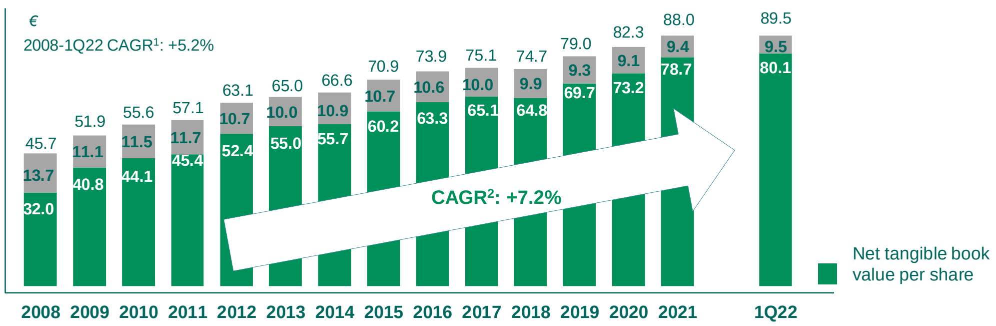
Continuous and strong value creation throughout the cycle

Steady increase in tangible equity per share: €80.1
+€5.6 (+7.5%) vs. 31.03.21



Ordinary pay-out ratio: 60% (with a minimum of 50% paid in cash[3])

1. Of net book value per share; 2. Of net tangible book value per share for the period 2008-1Q22; 3. Subject to General Meeting approval

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An ambitious policy of engaging with society
Mobilising around social challenges

The Group engages in an exceptional manner to support actions towards Ukraine:

- **€14.5m in donations to our long-standing NGO partners** (HCR, the Red Cross, and Doctors without Borders) **and to associations in France, Poland and Ukraine**
- **Housing more than 1,700 persons among our Ukrainian colleagues and their families** with ongoing efforts by Ukraine's neighbouring countries, such as Poland

Impact investment and circular economy	• Structuring and financing of two new **impact contracts** amounting to **€10m** in the circular economy and assistance to the disabled • **Sustainable bonds:** key role of the Group in the two bond issues of **€3bn** by **L'Oréal** (GHG[1] emissions reduction and more sustainable packaging) and **€1.5bn** by **Carrefour** (reduction of packaging use and food wastage)
Social responsibility	**2025 objectives:** • **40% women** in the Group's Senior Management Positions (SMPs) • **1 million solidarity hours** put in over a two-rolling-year basis by employees (#1MillionHours2Help) • **90%** of employees who have taken at least **four training sessions during the year**

1. GHG: greenhouse gases

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An ambitious policy of engaging with society
Supporting clients in the energy and environmental transition

In the environment, the Group's priorities include:

- **Financing the energy transition** through support for renewable energies, energy efficiency, sustainable mobility, and low-carbon hydrogen
- An expansion of initiatives **to preserve land-based and marine biodiversity**

Examples of projects in 1Q22:

Financing low-carbon energy	• BNP Paribas was the financial advisor on **the world's largest offshore wind park**, the Dogger Bank Wind Farm project, which is part of the United Kingdom's strategy for achieving carbon neutrality by 2050 • Portzamparc (BNP Paribas Group) supported Haffner Energy, a French greentech specialising in **producing green hydrogen from biomass,** during its IPO on the Euronext Growth in Paris • In French Guyana, the Group is financing the 100%-renewable power plant project of CEOG (Hydrogène de France), whose Renewstable® technology is **the world's first to combine photovoltaic power generation and hydrogen-based storage**
Biodiversity	• Launch of the first version of the **TNFD** risk management and reporting framework, in which BNP Paribas participated • BNP Paribas is regarded by Global Canopy, an NGO, as the most committed of 150 financial establishments to **combatting deforestation**

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A reinforced Internal Control Set-up

- **An even more solid control and compliance set-up and ongoing efforts in inserting a reinforced compliance culture into daily operations**
  - **Ongoing improvement of the operating model for combatting money laundering and terrorism financing:**
    - A standards-based, risk-adjusted approach, with a risk management set-up shared between business lines and Compliance (know-your-client, reviewing unusual transactions, etc.)
    - Reinforced Group-level steering with regular reporting to supervisory bodies
  - **Ongoing reinforcement of set-up for complying with international financial sanctions:**
    - Rigorous and diligent implementation of measures necessary to the enforcement of international sanctions as soon as they are released
    - Broad dissemination of the procedures and intense centralisation, guaranteeing effective and consistent coverage of the surveillance perimeter
    - Continuous optimisation of cross-border transaction filtering tools and screening of relationship databases
  - **Ongoing improvement of the anti-corruption framework with increased integration into the Group's operational processes**
  - **Intensified on-line training programme:** compulsory programmes on financial security for all employees (Sanctions & Embargos, Combatting Money Laundering & Terrorism Financing), on combatting corruption, and on professional ethics for all new employees
  - **Ongoing missions of the General Inspection dedicated to insuring financial security within entities generating USD flows.** These successive missions have been conducted since the start of 2015 in the form of 18-month cycles. The first four cycles achieved a steady improvement in processing and audit mechanisms. The fifth cycle was begun last year and is proceeding at a good pace despite public health constraints. It is achieving results similar to those of previous cycles and is expected to be completed mid-2022.
- **The remediation plan agreed as part of the June 2014 comprehensive settlement with the US authorities is now mostly completed**

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DIVISION RESULTS

CONCLUSION

1Q22 DETAILED RESULTS

APPENDICES

Corporate & Institutional Banking – 1Q22

Very sharp rise in results, driven by client activity

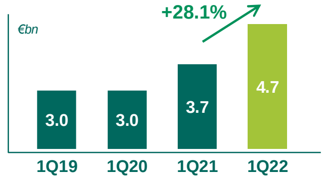
Good business drive and leveraging on diversification…

- **Financing**: good performance on primary markets (syndicated loans, bonds and equities) less buoyant than in previous years
- **Markets**: very strong client demand on rates, forex and commodity derivatives markets; very good level in equities
- **Securities Services**: strong business drive and high level of transactions

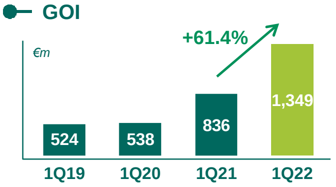
… and strengthened capabilities to support clients

- Positions consolidated in EMEA[1], building on the continuous roll-out of platforms (Equity, Capital Markets, Transaction Banking, etc.)
- Successful integration of prime brokerage and BNP Paribas Exane
- Continued good development of business in the Americas and Asia-Pacific

Revenues



GOI



Revenues: €4,702m (+28.1% vs. 1Q21)

- +23.6% at constant scope and exchange rates
- Gains in all three business lines
- Good performance at Global Banking (+2.0% vs. high 1Q21 base)
- Very strong rise at Global Markets (+52.8%)
- Significant growth at Securities Services (+5.5%)

Operating expenses: €3,353m (+18.3% vs. 1Q21)

- +13.3% at constant scope and exchange rates
- Increase driven by strong activity
- Very positive jaws effect (+9.8 pts)

Pre-tax income: €1,353m (+98.1% vs. 1Q21)

- Strong increase, driven by the significant increase in Gross operating income and a very low cost of risk

1. EMEA: Europe, Middle East and Africa

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CIB – Global Banking – 1Q22

Very good business drive

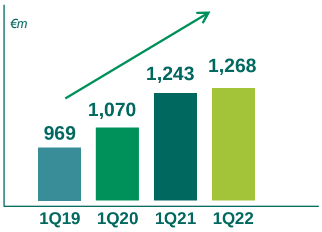
A strong level of activity in a less buoyant context this quarter

- Strong resiliency in volumes led globally in syndicated loans, bonds and equities (-15% vs. 1Q21) on a less active market (-25% vs. a high 1Q21 base)[1]
- **Loans** (€168bn, +9.3% vs. 1Q21[2]): ongoing growth, in particular this quarter (+3.0% vs. 4Q21[2])
- **Deposits** (€190bn, +0.5% vs. 1Q21[2]): resumption in growth (+1.8% vs. 4Q21[2])

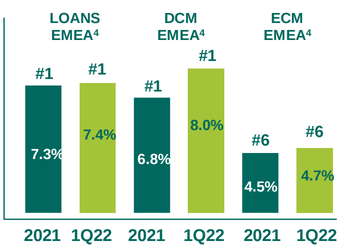
Continued market share gains

- #1 European player and #5 in EMEA in Investment Banking[3]
- Strengthened positions in ECM and M&A with increased market share in EMEA[1]
- Leader in EMEA financing (#1 in bond issuances and syndicated loans[4]) and strengthening on a global level

Continued growth in revenues



European rankings



Revenues: €1,268m (+2.0% vs. 1Q21)

- -0.8% at constant scope and exchange rates
- Growth in Asia-Pacific; stable vs. a high 1Q21 base in EMEA and the Americas
- Good relative performance of Capital Markets in EMEA (-8% vs. 1Q21) vs. a receding debt and equity market; increase in asset financing
- Gains in trade finance and cash management (+6% vs. 1Q21)

1. Source: Dealogic at 31.03.22; 2. Average outstandings, change at constant scope and exchange rates; 3. Source Dealogic at 31.03.22, ranking by revenues; 4. Source: Dealogic at 31.03.22, bookrunner in volume

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CIB – Global Markets – 1Q22

Strong increase in revenues and new dimension to the set-up

Very robust client activity on the whole

- **Fixed income, currencies & commodities**: very strong client demand, driven in particular by reallocation as well as hedging needs in rates, forex, emerging markets and commodity derivatives products
- **Equity markets**: good level of activity in prime services and cash equities, and strong momentum in derivatives, in particular in structured products early in the quarter
- **Primary markets**: decrease in Group-led bond issuances globally (-9% vs. 1Q21) on a less active market; #1 in euro-denominated issuances[1]

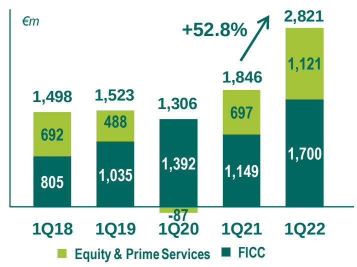
Ongoing development of platforms

- Scaling up of new integrated prime services and cash equity platforms
- Ongoing development of e-platforms: #1 on bonds in € and #2 on swaps in €[2], #2 on FX in EMEA[3]

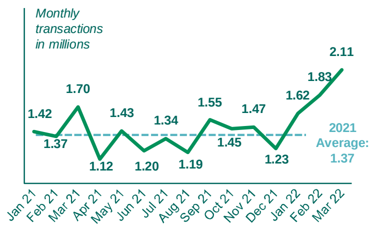
Revenues: €2,821m
(+52.8% vs. 1Q21)

- +46.3% at constant scope and exchange rates
- FICC (+47.9% vs. 1Q21): very good performance in fixed income, currencies and commodity derivatives; context less favourable on primary markets and credit
- Equity & Prime Services (+60.9% vs. 1Q21): very good level of activity in all businesses; contribution of ~€80m from BNP Paribas Exane and contribution from new prime services clients in line with expectations

Revenues trend



E-transactions volumes



1. Source: Dealogic at 31.03.22; bookrunner in volume; 2. Sources: Bloomberg and Trade Web in 1Q22; 3. Sources: FX all, Bloomberg and 360T in 1Q22

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CIB – Securities Services – 1Q22

Strong business drive and steady growth of the platform

Very good business drive

- Renewal of partnership with Caisse des Dépôts Group in France
- Major new mandates won in all regions

Ongoing transformation

- Preparation of the merger, effective 01.10.22, with BNP Paribas SA[1]
- Strategic partnership planned with Caceis[2] to create a leader in issuer services

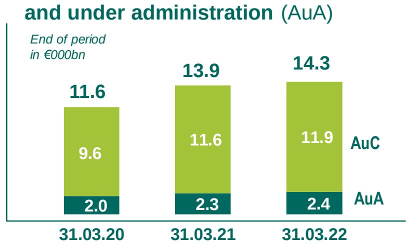
Increase in assets and record transaction volumes

- Increase in assets (+2.9% vs. 31.03.21) driven by onboarding of new clients in 2021; negative impact of the decrease in markets in 1Q22
- New record in transaction volumes: +8.0 % vs. 1Q21

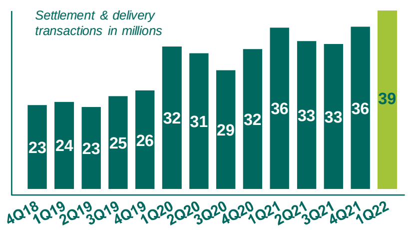
Revenues: €613m
(+5.5%vs. 1Q21)

- +4.1% at constant scope and exchange rates
- Increase in transaction fees and impact of the increase in average assets

Assets under custody (AuC) and under administration (AuA)



Transaction volumes



1. Merger of the legal entity BNP Paribas Securities Services with BNP Paribas SA scheduled for 1 October 2022, subject to the necessary consultations and authorisations; 2. Preliminary agreement subject to the necessary consultations and authorisations

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Commercial, Personal Banking & Services – 1Q22

Very sustained growth and positive jaws effect

Very strong momentum at Commercial & Personal Banking

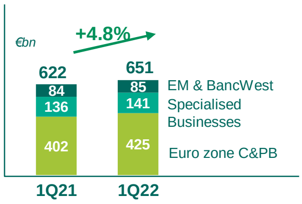
- **Very sustained increase in revenues at Commercial & Personal Banking in the Euro zone** (+6.5% vs. 1Q21), particularly in **France, Belgium & Luxembourg**, with an increase in net interest income (+4.7%) and fees (+9.1%)
- **Very significant increase in Europe-Mediterranean revenues** (+46.0%[1] vs. 1Q21), driven by the strong increase in net interest income (+53.3%[1]) and fees (+21.1%[1])
- **Very strong net asset inflows at Private Banking:** €5.0bn
- **Transformation of the operating model:** integration of bpost bank in Belgium[2] & first steps towards outsourcing certain activities at BNL

Strong growth at Specialised Businesses

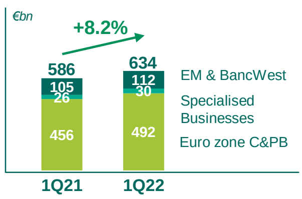
- Very strong growth at **Arval & Leasing Solutions** and **good momentum at Personal Finance**
- Ongoing development at **Nickel** and **integration of Floa**[3], the leader in France in Buy Now Pay Later, effective 01.02.22

263m monthly connections to the mobile apps[4] in 1Q22 (+21% vs. 1Q21)

Loans



Deposits



Revenues[5]: €6,979m (+8.5% vs. 1Q21)

- +8.1% at constant scope and exchange rates
- Very good performance at Commercial & Personal Banking (+7.5%)
- Strong growth at Specialised Businesses (+10.6%; +8.8% at constant scope and exchange rates)

Operating expenses[5]: €4,848m (+5.2% vs. 1Q21)

- +4.7% at constant scope and exchange rates
- Support of business development
- Very positive jaws effect (+3.3 pts)

Pre-tax income[6]: €1,761m (+58.7% vs. 1Q21)

- Steep drop in the cost of risk, due mainly to BancWest

1. At constant scope and exchange rates; 2. Operation closed on 01.01.22; 3. Operation closed on 31.01.22; 4. Scope: individuals, small business and private banking customers of C&PB Digital banks, Nickel and Personal Finance; 5. Including 100% of Private Banking including PEL/CEL effects; 6. Including 2/3 of Private Banking including PEL/CEL effects

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CPBS – Commercial & Personal Banking in France – 1Q22

Very strong increase in results – Gains in all client segments

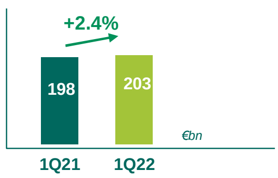
Strong business drive

- **Loans**: +2.4% vs. 1Q21, good level of production in mortgage loans and good momentum in consumer and corporate loans
- **Deposits**: +6.3% vs. 1Q21, increase in corporate and individual customer deposits
- **Off-balance sheet savings**: +0.7% vs. 31.03.21, increase in gross life insurance inflows (+6.6% vs. 1Q21), decrease in short-term mutual funds
- **Private Banking**: very strong net asset inflows of €2.3bn
- **Hello bank!**: further increase in number of customers (>700k, +13% vs. 31.03.21)

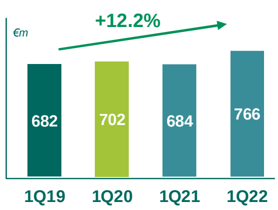
Strong growth in fees on the back of a good business drive, particularly among corporate clients

- **Strong demand from corporate clients** (+23.2% vs. 1Q21)
- **Continued good performance of cash management and payment means fees** (+9.2% vs. 1Q21, +17.0% vs. 1Q19)

Loans



Fees



Revenues[1]: €1,613m (+8.9% vs. 1Q21)

- Net interest income: +6.2%, solid credit margin, driven by higher volumes and positive momentum in specialised subsidiaries
- Fees: +12.0%, marked increase in all fees

Operating expenses[1]: €1,239m (+5.4% vs. 1Q21)

- +3.6% excluding the impact of taxes subject to IFRIC 21
- Cost of supporting growth offset in part by the ongoing impact of adaptation measures
- Very positive jaws effect (+3.5 pts)

Pre-tax income[2]: €250m (+63.2% vs. 1Q21)

- Decrease in the cost of risk

1. Including 100% of Private Banking including PEL/CEL effects (+€11m in 1Q 22, +€1m in 1Q21); 2. Including 2/3 of Private Banking, including PEL/CEL effects

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CPBS – BNL banca commerciale – 1Q22

Strong business drive

Growth in business activity

- **Loans**: +2.1% vs. 1Q21, +4.4% on the perimeter excluding non-performing loans; good growth in mortgage and corporate loans
- **Deposits**: +8.5% vs. 1Q21, strong growth in all customer segments
- **Off-balance sheet savings**: +3.9% vs. 31.03.21, strong increase in outstandings, particularly in life insurance (+6.6% vs. 31.03.21)
- **Private Banking**: very strong net asset inflows of €0.9bn

Transformation of the operating model with the outsourcing of certain IT activities

- Accelerated digital transformation and enhanced quality of service
- Cost variability (transfer of ~250 FTEs)

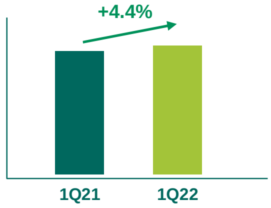
Revenues[1]: €654m (-3.1% vs. 1Q21)

- -1.9% at constant scope[2]
- Net interest income: -4.3%, driven by the ongoing effect of the low-interest rate environment, offset partially by higher loan volumes
- Fees: -1.4% (+1.6% at constant scope[2]), higher bank fees, particularly in the corporate segment

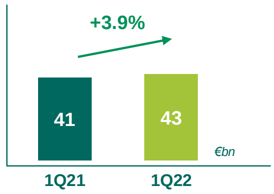
Operating expenses[1]: €454m (-1.0% vs. 1Q21)

- +0.8% at constant scope[2]
- -2.5% vs. 1Q21 excluding taxes subject to IFRIC 21
- Ongoing effect of adaptation measures ("*Quota 100*" retirement plan)

Loans (excluding non performing loans)



Off-balance sheet savings
(Life insurance and mutual funds)



Pre-tax income[3]: €65m (-33.8% vs. 1Q21)

1. Including 100% of Italian Private Banking; 2. Business divestment effective 02.01.22; 3. Including 2/3 of Italian Private Banking

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CPBS – Commercial & Personal Banking in Belgium – 1Q22

Commercial activity up and positive jaws effect

Good business drive and consolidation of bpost bank, effective 01.01.22

- **Loans**: +13.5% vs. 1Q21 (+6.4% at constant scope), increase in loans to individuals, mortgage loans in particular, and in corporate loans
- **Deposits**: +10.5% vs. 1Q21 (+2.4% at constant scope); growth mainly in the individuals segment
- **Off-balance sheet savings**: +4.1% vs. 31.03.21
- **Private Banking:** good net asset inflows of €1.1bn

Adapting the operating model to retail customers

- **Implementation of a 7-year exclusive distribution partnership** with bpost
- **Development of the value and quality of service**: BNP Paribas Fortis' financial expertise combined with the proximity provided by bpost's distribution network[1] (> 600 post offices, where all basic financial services will be available)
- Greater **cost variability**

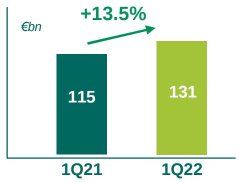
Revenues[2]: €935m (+8.9% vs. 1Q21)

- +4.7% at constant scope
- Net interest income: +8.1% (+2.1% at constant scope), driven up by loan volumes and the contribution of specialised subsidiaries
- Fees: +10.6%; strong increase in fees in all customer segments

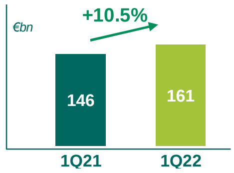
Operating expenses[2]: €905m (+7.1% vs. 1Q21)

- +1.6% at constant scope
- Support for business growth and effect of cost-saving measures and ongoing branch network optimisation
- Positive jaws effect (+1.8 pt)

Loans[4]



Deposits[4]



Pre-tax income[3]: €42m (-€45m in 1Q21)

- Releases of provisions in 1Q22
- Impact of taxes subject to IFRIC 21: €-369m

1. Subject to approval from the relevant authorities; 2. Including 100% of Private Banking in Belgium; 3. Including 2/3 of Private Banking in Belgium; 4. See slide 53

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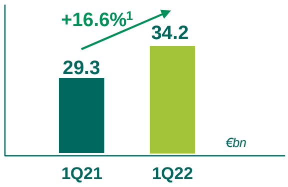
CPBS – Europe-Mediterranean – 1Q22

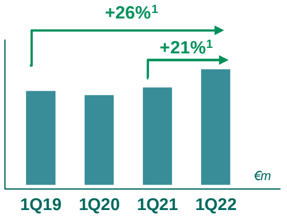
Very strong business drive and robust increase in results

- **Significant increase in business activity**
  - **Loans**: +16.6%[1] vs. 1Q21, strong increase in volumes in Poland and Turkey in all customer segments with a more marked increase in the corporates segment
  - **Very good momentum in loan production** (+64%[2] vs. 1Q21) with in particular an acceleration in corporate loans (+85%[2] vs. 1Q21)
  - **Deposits**: +18.1%[1] vs. 1Q21, up in Poland and Turkey
- **Continued strong growth in fees** (+21%[1] vs. 1Q21) at a level far higher than in 2019 (+26%[1] vs. 1Q19)
- **Increase in active digital customers** (+15% vs. 1Q21)

Loans[1]



Fees trend



Revenues[3]: €639m
+46.0%[1] vs. 1Q21

- Positive non-recurring item in Turkey
- Strong increase in net interest income with higher volumes and a more favourable interest-rate environment
- Strong growth in fees

Operating expenses[3]: €422m
(+11.6%[1] vs. 1Q21)

- Increase driven by high wage inflation
- Extremely high jaws effect (+34.4 pts)

Pre-tax income[4]: €245m
(x3.1[1] vs. 1Q21)

- Good contribution by associates

1. At constant scope and exchange rates; 2. At constant exchange rates including loans in Turkey, Poland, Ukraine & Morocco; 3. Including 100% of Private Banking in Turkey and in Poland; 4. Including 2/3 of Private Banking in Turkey and in Poland

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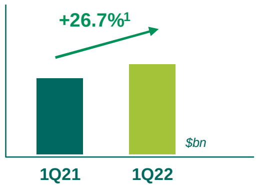
CPBS – BancWest – 1Q22

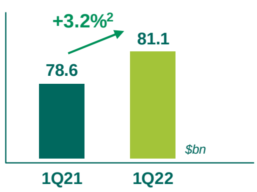
Good sales and marketing drive

- **Solid business momentum**
  - **Strong increase in loan production** (+26.7%[1] vs. 1Q21): very good level of mortgage production and strong increase in collateralised equipment loans with market share gains (number 2 position in the United States)
  - **Loans**: -4.7%[2] vs. 1Q21, decrease due to the effects of the end of the support measures related to the health crisis and the discontinuation of a business in 2020
- **Development of deposits and financial savings**
  - **Deposits**: +3.2%[2] vs. 1Q21, increase in customer deposits[3] (+2.7%[2])
  - Very good performance in **Private Banking:** $19.2bn in assets under management as at 31.03.22 (+10.7%[2] vs. 31.03.21)
- **Reminder**: announcement on 20 December 2021 of the sale to BMO Financial Group (closing of the transaction expected late 2022)[4]

Loan production



Deposits



Revenues[5]: €619m
(-7.9%[2] vs. 1Q21)

- -1.0% at historical scope and exchange rates
- Reminder: non recurrent positive item in 1Q21
- +0.9 increase[2] vs. 1Q21 excluding this effect, in particular on the back of increased volumes and banking fees

Operating expenses[5]: €475m
(+8.3%[2] vs. 1Q21)

- Increase in connection with targeted projects

Pre-tax income[6]: €330m
(+41.1%[2] vs. 1Q21)

- Releases of provisions

1. At constant scope and exchange rates excluding Paycheck Protection Program loans; 2. At constant scope and exchange rates (figures at historical scope and exchange rates in the appendices); 3. Deposits excluding treasury activities; 4. Upon customary condition precedents, including the approval of the relevant antitrust and regulatory authorities; see press release of 20 December 2021; 5. Including 100% of Private Banking in the United States; 6. Including 2/3 of Private Banking in the United States

BNP PARIBAS The bank for a changing world First quarter 2022 results | 30

CPBS – Specialised Businesses – Personal Finance – 1Q22
Strong increase in results

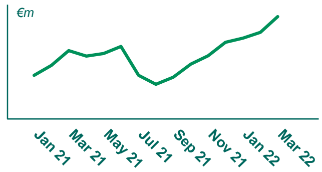
Growth in loans outstanding, driven by good business drive

- **Loans outstanding**: +1.9%[1] vs. 1Q21 to a level higher than in 1Q19[2]; consolidation of 50% of Floa's loans outstanding, effective from 01.02.22 (€0.6bn)
- **Increase in production[3]** (+10.8% vs. 1Q21) with good momentum late in the period (+5.7% in March 2022 vs. March 2021 and +0.8%[4] vs. March 2019) despite a lacklustre environment in the auto segment

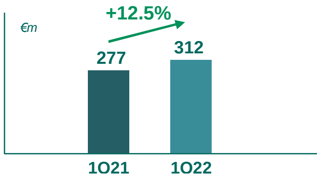
Finalisation of high-synergy strategic developments (acquisitions and partnerships)

- **Signing of final agreements with Stellantis** (implementation scheduled for 1Q23)
- **Expansion in the offering with the closing of the acquisition of Floa**, the French leader in Buy Now Pay Later, on 31.01.22[5]

Growth in end-of-period loans outstanding[3]



Pre-tax income



Revenues: €1,388m (+4.2% vs. 1Q21)	Operating expenses: €776m (+3.4% vs. 1Q21)	Pre-tax income: €312m (+12.5% vs. 1Q21)
• +2.0% at constant scope and exchange rates • Increase driven by higher volumes and a strong increase in production	• +1.5% at constant scope and exchange rates • Support to business development • Positive jaws effect (+0.9 pt)	• Increase in GOI (+5.4%) and decrease in cost of risk (-1.8%)

1. +1.2% excluding Floa; 2. Higher even when excluding Floa; 3. Excluding Floa; 4. At constant exchange rates; 5. Consolidation of 50% of Floa's contribution within Personal Finance

BNP PARIBAS The bank for a changing world

CPBS – Specialised Businesses – Arval & Leasing Solutions – 1Q22
Very good performance and positive jaws effect

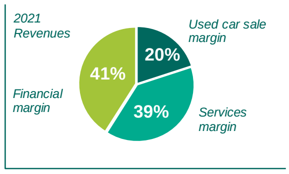
Arval

- **1.5m vehicles financed[1]** (+7.2% CAGR[2] since 2016, growth outperforming the market)
- **Very strong performance in 1Q22**: good organic growth in the financed fleet (+6.5%[1] vs. 31.03.21) and especially high used car prices
- **98% of vehicles financed under full service leasing**: balanced distribution of revenues by being positioned throughout the whole value chain
- **Development at marginal cost**: target to improve productivity[3] by 30% by 2025

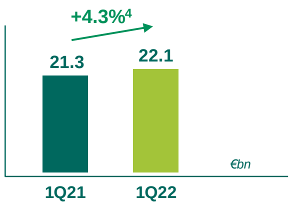
Leasing Solutions

- **Increase in outstandings** (+4.3%[4] vs. 1Q21) and continued **business drive** (particularly in logistics equipment)
- **Strong market shares[6]** (~15% in France, ~21% in Italy and Belgium)
- **Acknowledged expertise**: European Lessor of the Year at the 2021 Leasing Life Awards, for the sixth time

Arval: a balanced distribution in revenues



Leasing Solutions: further increase in outstandings[5]



Revenues: €811m (+27.0% vs. 1Q21)	Operating expenses: €366m (+8.4% vs. 1Q21)	Pre-tax income: €419m (+54.9% vs. 1Q21)
• Strong increase driven by the very good performance at Arval (with very high used car prices) and a good increase in outstandings for the two businesses	• Growth at marginal cost with the improvement in productivity • Extremely positive jaws effect (+18.6 pts)	

1. Average fleet in thousands of vehicles; 2.Compound annual growth rate calculated on end of period fleet; 3.Productivity indicator: number of contracts divided by full-time equivalents; 4. At constant scope and exchange rates; 5. See slide 63; 6. 2021 data for France and 2020 data for Italy and Belgium; BNP Paribas Leasing Solutions estimates of market share in equipment leasing

BNP PARIBAS The bank for a changing world

CPBS – Specialised Businesses – 1Q22

New Digital Businesses (Nickel, Floa, Lyf) and Personal Investors

NiCKEL, a new-generation payment offering

- ~2.6m accounts opened[1] as at 31.03.22 (+26.6% vs. 31.03.21)
- > 7,200 points of sale[1] (+12.7% vs. 31.03.21); further openings of points of sale, particularly in Spain
- Strong development and acceleration in the number of account openings (almost 50,000 / month[2]) and launch of new offerings

FLOA, the French leader in Buy Now Pay Later

- Closing of the acquisition on 31.01.22; consolidation of 50% of Floa's contribution within New Digital Businesses
- 3.7m customers as at 31.03.22 (+21.7% vs. 31.03.21) – strong growth in production (+21% vs. 1Q21)

BNP PARIBAS PERSONAL INVESTORS, specialist in digital banking and investment services with leading positions in Germany

- Growth in assets under management (+11.3% vs. 1Q21) and increase in the number of customers (+8.6% vs. 1Q21)

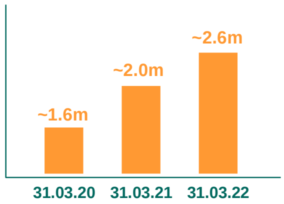
Revenues[3]: €205m (+1.2% vs. 1Q 21)

- x2.6 vs. 1Q21 in New Digital Businesses with the further very strong development of Nickel and integration of Floa
- Normalisation of Personal Investors' revenues at a high level

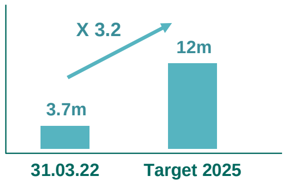
Operating expenses[3]: €132m (+11.3% vs. 1Q21)

- Increase driven by business development
- Extremely positive jaws effect from New Digital Businesses (+74.3 pts)

Nickel: number of accounts opened (in millions)[1]



Floa: ambitious growth target (number of customers)



Pre-tax income[4]: €58m (-26.6% vs. 1Q21)

1. Since inception in France and Spain; 2. On average in 1Q22 in France and Spain; 3. Including 100% of Private Banking in Germany; 4. Including 2/3 of Private Banking in Germany

BNP PARIBAS The bank for a changing world First quarter 2022 results | 33

Investment & Protection Services – 1Q22

Good momentum in activity

Good business drive

- **Good resiliency in net asset inflows**: very good net inflows in Insurance and in Wealth Management; net outflows late in the quarter in Asset Management, particularly from money-market vehicles, in line with market trend
- **Strong momentum in fees**, in particular recurring fees in Wealth Management

Roll out of the strategic plan

- **Development in Private Debt** with the closing of the acquisition of Dynamic Credit Group in the Netherlands
- **Continued development of partnerships**, particularly with a long term agreement in Insurance with Coppel, the 2nd largest retailer in Mexico with a bank having 14 million customers
- **Continued and ambitious ESG strategy**

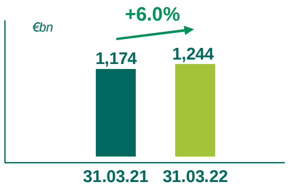
Revenues: €1,650m (-0.2% vs. 1Q21)

- +0.8% at constant scope and exchange rates
- Increased activity in Insurance, but unfavourable market effect (with part of the assets marked at fair value)
- Increase in all Wealth and Asset Management businesses

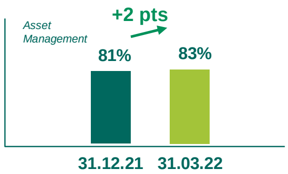
Operating expenses: €1,051m (+3.6% vs. 1Q21)

- Increase driven by targeted initiatives

Assets under management[1]



Evolution in AuM classified Art. 8 or 9[2]



Pre-tax income: €683m (- 11.7% vs. 1Q21)

- High 1Q21 base due to a sale in Asset Management
- Slight increase otherwise

1. Including distributed assets; 2. Percentage of open-ended funds classified "Article 8" or "Article 9" (SFDR) as a percentage of assets under management (European open-ended funds)

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IPS – Asset inflows and AuM – 1Q22

Unfavourable market trends; good resiliency in net inflows

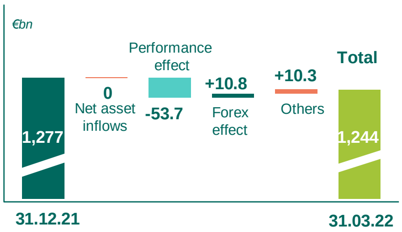
Assets under management: €1,244bn as at 31.03.22

- +6.0% vs. 31.03.21
- **Performance effect** unfavourable due to market trends: -€53.7bn
- **Favourable foreign exchange effect:** +€10.8bn
- **Others:** +€10.3bn, positive scope effect in Asset Management due mainly to the closing of the acquisition of Dynamic Credit Group in the Netherlands and a new partnership in India

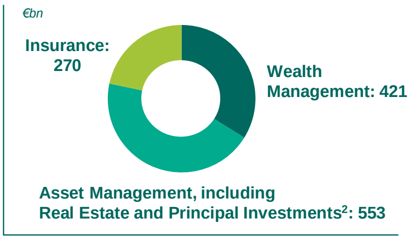
Net asset inflows: not significant on the whole in 1Q22

- **Wealth Management**: good net inflows, particularly in Commercial & Personal banking markets in Europe
- **Asset Management**: net outflows, particularly late in the quarter and notably in money-market vehicles, in line with the market
- **Insurance**: very good net inflows, particularly in unit-linked products and continued very good gross inflows, notably in Asia, France, and Luxembourg

Change in assets under management[1]



Assets under management[1] as at 31.03.22



1. Including distributed assets; 2. Assets under management of Real Estate Investment Management: €30bn; Assets under management of Principal Investments: €1bn

IPS – Insurance – 1Q22

Very good business drive, unfavourable market impact

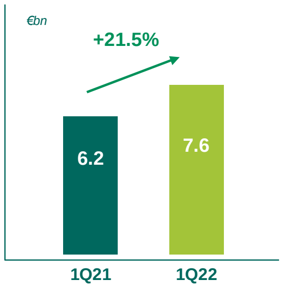
Continued very strong business drive

- **Very good performance in Savings** in both France and internationally with gross net inflows up sharply (>+20% vs. 1Q21) and unit-linked policies accounting for the vast majority of net asset inflows
- **Increase in Protection:** further growth in France, with a good performance in protection and property & casualty (Cardif IARD); international growth in Latin America and Asia in particular

Continued development of the partnership model

- **Exclusive partnership announced with Neon, a fintech** in Brazil with the goal of offering 10m-plus customers financial protection and property insurance
- **Long term agreement in protection with Coppel**, the 2nd largest retailer in Mexico with a bank having 14 million customers

Gross asset inflows in Savings



Revenues: €721m (-8.9% vs. 1Q21)

- Specific accounting impact from market decrease (significant increase excluding this impact)

Operating expenses: €384m (+0.4% vs. 1Q21)

- Good cost-control and ongoing targeted projects

Pre-tax income: €373m (-15.6% vs. 1Q21)

IPS – Wealth & Asset Management[1] – 1Q22

Very strong business activity; increase in revenues and positive jaws effect

Wealth Management

- **Good net asset inflows**, particularly in European Commercial & Personal Banking and **high level of management fees**
- **Acknowledged expertise**, winning the WealthBriefing Awards' #1 Private Bank in Europe award for the second consecutive year

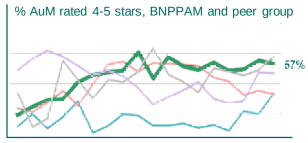
Asset Management

- Asset outflows marked by **outflows from money-market vehicles** after a highly robust level in 4Q21
- **Continued expansion in Private Debt** with the closing of the acquisition of Dynamic Credit Group in the Netherlands, specialised in mortgages, raising AuM in private debt and real assets to >€20bn

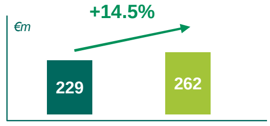
Real Estate

- Recovery of Advisory, particularly in France and Germany

Increase in BNPP AM performances



GOI



Revenues: €929m (+7.9% vs. 1Q21)	**Operating expenses: €667m (+5.5% vs. 1Q21)**	**Pre-tax income: €310m (-6.6% vs. 1Q21)**
• Increase in Wealth Management, driven mainly by increased management fees • Increase in Asset Management, due mainly to the high base of assets under management • Increase in Real Estate (Advisory in particular) and Principal Investments	• Very positive jaws effect (+2.4 pts) • Decrease in costs in Asset Management	• 1Q21 base effect due to the capital gain on a sale in Asset Management • +31.6% increase otherwise

1. Asset Management, Wealth Management, Real Estate Services and Principal Investments

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BNP PARIBAS

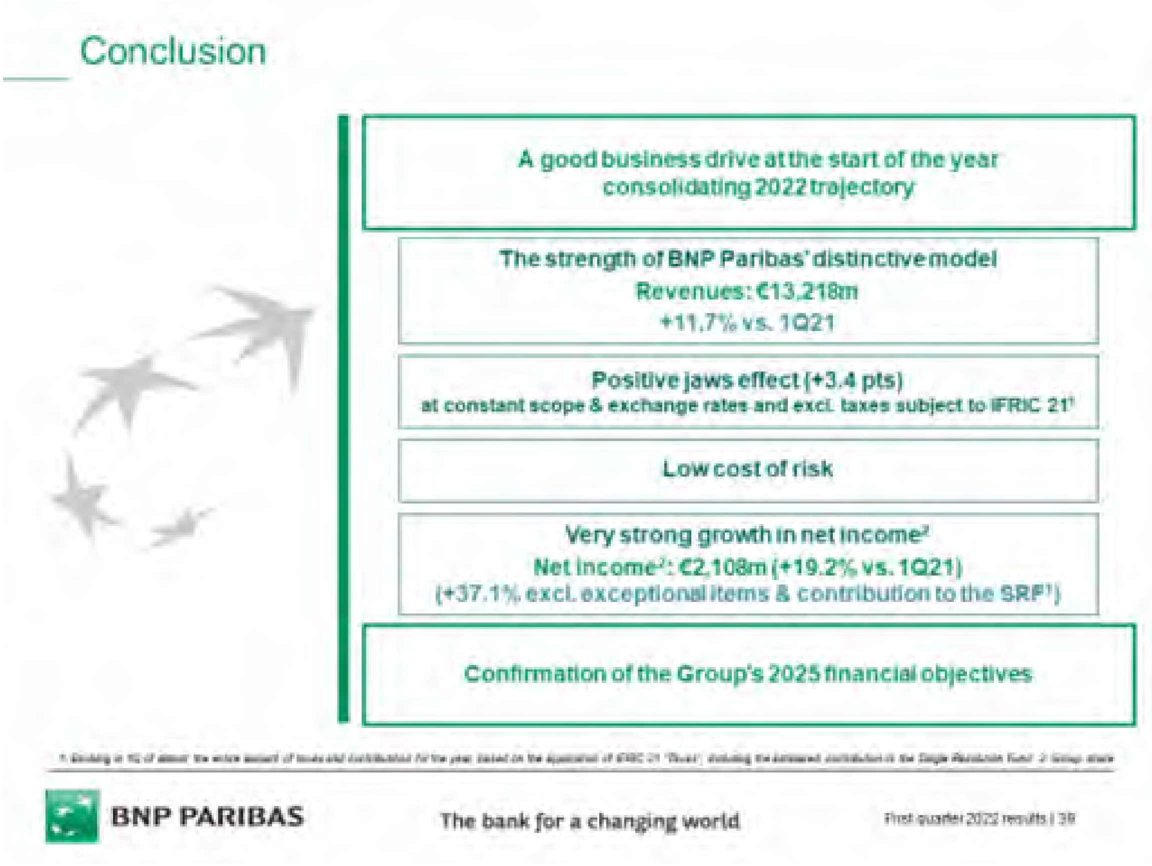
GROUP RESULTS

DIVISION RESULTS

CONCLUSION

1Q22 DETAILED RESULTS

APPENDICES



BNP PARIBAS

GROUP RESULTS

DIVISION RESULTS

CONCLUSION

1Q22 DETAILED RESULTS

APPENDICES

BNP Paribas Group – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Group					
Revenues	**13,218**	**11,829**	**+11.7%**	**11,232**	**+17.7%**
Incl. Interest Income	5,734	5,452	*5.2%*	5,169	*10.9%*
Incl. Commissions	2,637	2,555	*3.2%*	2,919	*-9.7%*
Operating Expenses and Dep.	-9,653	-8,597	+12.3%	-7,930	+21.7%
Gross Operating Income	**3,565**	**3,232**	**+10.3%**	**3,302**	**+8.0%**
Cost of Risk	-456	-896	-49.1%	-510	-10.6%
Operating Income	**3,109**	**2,336**	**+33.1%**	**2,792**	**+11.4%**
Share of Earnings of Equity-Method Entities	165	124	+33.2%	138	+19.6%
Other Non Operating Items	3	363	-99.2%	240	-98.8%
Non Operating Items	**168**	**487**	**-65.5%**	**378**	**-55.6%**
Pre-Tax Income	**3,277**	**2,823**	**+16.1%**	**3,170**	**+3.4%**
Corporate Income Tax	-1,047	-969	+8.0%	-759	+37.9%
Net Income Attributable to Minority Interests	-122	-86	+41.8%	-105	+16.2%
Net Income Attributable to Equity Holders	**2,108**	**1,768**	**+19.2%**	**2,306**	**-8.6%**
Cost/income	**73.0%**	**72.7%**	**+0.3 pt**	**70.6%**	**+2.4 pt**

- Corporate income tax: average rate of 36.5%; impact of the booking in the first quarter of taxes and contributions for the year based on the application of IFRIC 21 “Taxes”, of which a large part is not deductible
- Operating divisions

(1Q22 vs. 1Q21)	At historical scope & exchange rates	At constant scope & exchange rates
Revenues	**+13.5%**	**+12.1%**
Operating expenses	+9.4%	+7.5%
Gross operating income	**+24.1%**	**+23.9%**
Cost of risk	-52.2%	-54.3%
Operating income	**+51.0%**	**+51.4%**
Pre-tax income	**+47.9%**	**+49.2%**

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Corporate and Institutional Banking – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
CORPORATE AND INSTITUTIONAL BANKING					
Revenues	**4,702**	**3,670**	**+28.1%**	**3,264**	**+44.1%**
Operating Expenses and Dep.	-3,353	-2,834	+18.3%	-2,348	+42.8%
Gross Operating Income	**1,349**	**836**	**+61.4%**	**915**	**+47.4%**
Cost of Risk	-2	-172	-99.1%	80	n.s.
Operating Income	**1,347**	**664**	**n.s.**	**996**	**+35.4%**
Share of Earnings of Equity-Method Entities	4	9	-50.1%	6	-31.8%
Other Non Operating Items	1	11	-92.3%	1	-20.5%
Pre-Tax Income	**1,353**	**683**	**+98.1%**	**1,003**	**+34.9%**
Cost/Income	**71.3%**	**77.2%**	**-5.9 pt**	**72.0%**	**-0.7 pt**
Allocated Equity (€bn, year to date)	27.4	25.0	+9.6%	26.2	+4.5%

BNP PARIBAS The bank for a changing world First quarter 2022 results | 42

Corporate and Institutional Banking
Global Banking – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Global Banking					
Revenues	**1,268**	**1,243**	**+2.0%**	**1,324**	**-4.2%**
Operating Expenses and Dep.	-815	-768	+6.1%	-655	+24.3%
Gross Operating Income	**453**	**475**	**-4.7%**	**669**	**-32.3%**
Cost of Risk	20	-185	n.s.	72	-72.6%
Operating Income	**473**	**290**	**+62.9%**	**741**	**-36.2%**
Share of Earnings of Equity-Method Entities	1	6	-81.8%	1	+57.4%
Other Non Operating Items	0	0	n.s.	-1	n.s.
Pre-Tax Income	**474**	**296**	**+60.2%**	**740**	**-36.0%**
Cost/Income	**64.3%**	**61.8%**	**+2.5 pt**	**49.5%**	**+14.8 pt**
Allocated Equity (€bn, year to date)	15.2	13.6	+11.7%	14.3	+5.9%

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Corporate and Institutional Banking
Global Markets – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Global Markets					
Revenues	**2,821**	**1,846**	**+52.8%**	**1,338**	**n.s.**
incl. FICC	*1,700*	*1,149*	*+47.9%*	*755*	*n.s.*
incl. Equity & Prime Services	*1,121*	*697*	*+60.9%*	*583*	*+92.3%*
Operating Expenses and Dep.	-2,000	-1,564	+27.9%	-1,224	+63.5%
Gross Operating Income	**821**	**282**	**n.s.**	**115**	**n.s.**
Cost of Risk	-21	14	n.s.	10	n.s.
Operating Income	**799**	**296**	**n.s.**	**124**	**n.s.**
Share of Earnings of Equity-Method Entities	2	2	-12.3%	5	-63.4%
Other Non Operating Items	1	3	-76.2%	-5	n.s.
Pre-Tax Income	**802**	**302**	**n.s.**	**125**	**n.s.**
Cost/Income	**70.9%**	**84.7%**	**-13.8 pt**	**91.4%**	**-20.5 pt**
Allocated Equity (€bn, year to date)	10.9	10.4	+5.3%	10.7	+2.3%

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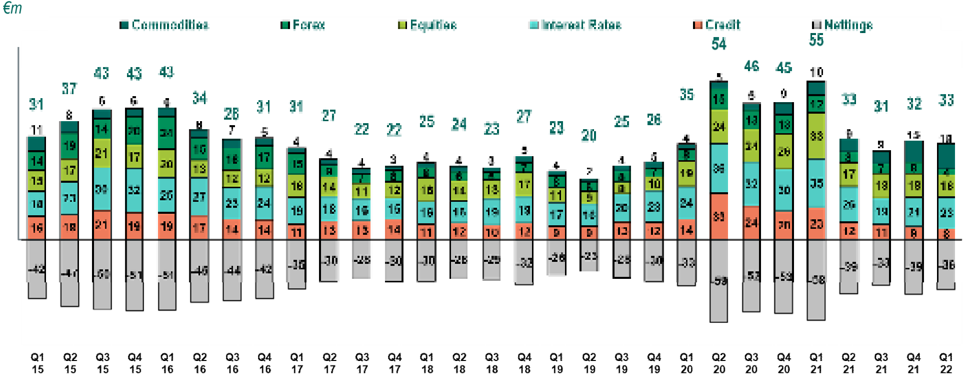
Corporate and Institutional Banking
Market risks – 1Q22

Average 99% 1-day interval VaR (Value at Risk)

€m



Increase in average VaR at a low level this quarter despite a strong volatility[1]

- VaR at a low level at the beginning of the year due to prudent management. Average increase mainly linked to commodities
- Three theoretical back-testing events due to the spikes in volatility in equities and commodities in late February and in March
- 37 events since 01.01.2007, or a little more than two per year over a long period, including crises, in line with the internal (1 day, 99%) VaR calculation model

1. VaR calculated to monitor market limits

Corporate and Institutional Banking
Securities Services – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
SECURITIES SERVICES					
Revenues	**613**	**581**	**+5.5%**	**602**	**+1.9%**
Operating Expenses and Dep.	-538	-503	+7.0%	-469	+14.7%
Gross Operating Income	**75**	**78**	**-4.1%**	**132**	**-43.2%**
Cost of Risk	0	-1	n.s.	-2	n.s.
Operating Income	**75**	**77**	**-2.3%**	**130**	**-42.2%**
Share of Earnings of Equity-Method Entities	1	1	+49.7%	0	n.s.
Other Non Operating Items	0	7	n.s.	7	n.s.
Pre-Tax Income	**77**	**85**	**-10.0%**	**138**	**-44.4%**
Cost/Income	**87.7%**	**86.5%**	**+1.2 pt**	**78.0%**	**+9.7 pt**
Allocated Equity (€bn, year to date)	1.3	1.1	+23.0%	1.2	+8.3%

Securities Services	31.03.22	31.03.21	%Var/ 31.03.21	31.12.21	%Var/ 31.12.21
Assets under custody (€bn)	11,907	11,638	+2.3%	12,635	-5.8%
Assets under administration (€bn)	2,426	2,295	+5.7%	2,521	-3.8%
	1Q22	1Q21	1Q22/1Q21	4Q21	1Q22/4Q21
Number of transactions (in million)	38.6	35.7	+8.0%	35.5	+8.8%

Commercial, Personal Banking & Services – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Commercial, Personal Banking and Services (including 100% of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the United States and Germany)					
Revenues	**6,979**	**6,430**	**+8.5%**	**6,506**	**+7.3%**
Operating Expenses and Dep.	-4,848	-4,609	+5.2%	-4,252	+14.0%
Gross Operating Income	**2,131**	**1,821**	**+17.0%**	**2,253**	**-5.4%**
Cost of Risk	-401	-668	-40.0%	-597	-32.8%
Operating Income	**1,730**	**1,154**	**+49.9%**	**1,657**	**+4.4%**
Share of Earnings of Equity-Method Entities	86	51	+67.9%	70	+23.0%
Other Non Operating Items	6	-36	n.s.	-5	n.s.
Pre-Tax Income	**1,822**	**1,169**	**+55.8%**	**1,722**	**+5.8%**
Income Attributable to Wealth and Asset Management	-61	-60	+2.3%	-74	-16.7%
Pre-Tax Income of Commercial, Personal Banking and Services	**1,761**	**1,110**	**+58.7%**	**1,648**	**+6.8%**
Cost/Income	**69.5%**	**71.7%**	**-2.2 pt**	**65.4%**	**+4.1 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the United States and Germany)	44.9	43.8	+2.5%	43.3	+3.8%

Including 100% of Private Banking in France, Italy, Belgium, Luxembourg, Poland, Turkey and in the United States for the Revenues to Pre-tax Income line items

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CPBS – Commercial & Personal Banking in France – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Commercial, Personal Banking in France (including 100% of Private Banking in France)					
Revenues	**1,613**	**1,481**	**+8.9%**	**1,608**	**+0.3%**
Incl. net interest income	*847*	*797*	*6.2%*	*884*	*-4.2%*
Incl. fees	*766*	*684*	*12.0%*	*724*	*5.9%*
Operating Expenses and Dep.	-1,239	-1,175	+5.4%	-1,178	+5.2%
Gross Operating Income	**374**	**306**	**+22.4%**	**430**	**-13.0%**
Cost of Risk	-93	-125	-25.9%	-99	-6.7%
Operating Income	**281**	**181**	**+55.9%**	**331**	**-14.9%**
Share of Earnings of Equity-Method Entities	0	0	-55.0%	0	n.s.
Other Non Operating Items	0	0	n.s.	-15	n.s.
Pre-Tax Income	**282**	**181**	**+55.4%**	**316**	**-10.8%**
Income Attributable to Wealth and Asset Management	-31	-28	+12.6%	-35	-11.7%
Pre-Tax Income of Commercial, Personal Banking in France	**250**	**153**	**+63.2%**	**280**	**-10.7%**
Cost/Income	**76.8%**	**79.3%**	**-2.5 pt**	**73.3%**	**+3.5 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France)	10.6	10.8	-1.8%	10.6	+0.3%

Including 100% of Private Banking in France for the Revenues to Pre-tax Income line items[1]

1. PEL/CEL effect: +€11m in 1Q22 (+€1m in 1Q21)

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CPBS – Commercial & Personal Banking in France

Volumes

Average outstandings (€bn)	1Q22	%Var/1Q21	%Var/4Q21
LOANS	202.9	+2.4%	+1.0%
Individual Customers	108.3	+6.0%	+0.9%
Incl. Mortgages	97.2	+6.2%	+0.9%
Incl. Consumer Lending	11.1	+3.9%	+0.2%
Corporates	94.6	-1.3%	+1.2%
DEPOSITS AND SAVINGS	239.8	+6.3%	-0.5%
Current Accounts	165.8	+8.1%	-1.5%
Savings Accounts	67.4	+1.8%	+0.9%
Market Rate Deposits	6.6	+10.2%	+11.6%

€bn	31.03.22	%Var/ 31.03.21	%Var/ 31.12.21
OFF BALANCE SHEET SAVINGS			
Life Insurance	102.9	+4.1%	-0.9%
Mutual Funds	38.6	-7.3%	-7.8%

- **Loans: +2.4% vs. 1Q21**, increase in individual loans (mortgage loans in particular)
- **Deposits: +6.3% vs. 1Q21**, increase in sight deposits but a 1.5% decline vs. 4Q21
- **Off-balance sheet savings vs. 31.03.21:** decrease in mutual fund outstandings, particularly short-term funds, and increase in life insurance outstandings driven by good gross inflows

CPBS – BNL banca commerciale – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Commercial, Personal Banking in Italy (Including 100% of Private Banking in Italy)					
Revenues	**654**	**676**	**-3.1%**	**668**	**-2.1%**
Incl. net interest income	*380*	*398*	*-4.3%*	*370*	*2.7%*
Incl. fees	*274*	*278*	*-1.4%*	*298*	*-8.0%*
Operating Expenses and Dep.	-454	-458	-1.0%	-438	+3.5%
Gross Operating Income	**201**	**217**	**-7.6%**	**230**	**-12.7%**
Cost of Risk	-128	-110	+16.4%	-143	-10.3%
Operating Income	**73**	**107**	**-32.2%**	**87**	**-16.6%**
Share of Earnings of Equity-Method Entities	0	0	-80.2%	0	n.s.
Other Non Operating Items	0	0	n.s.	0	+57.9%
Pre-Tax Income	**73**	**107**	**-32.1%**	**87**	**-16.6%**
Income Attributable to Wealth and Asset Management	-8	-9	-13.5%	-9	-14.6%
Pre-Tax Income of Commercial, Personal Banking in Italy	**65**	**98**	**-33.8%**	**78**	**-16.8%**
Cost/Income	**69.3%**	**67.9%**	**+1.4 pt**	**65.6%**	**+3.7 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Italy)	5.9	5.5	+8.4%	5.3	+10.7%

Including 100% of Private Banking in Italy for the Revenues to Pre-tax Income line items

CPBS – BNL banca commerciale
Volumes

Average outstandings (€bn)	1Q22	%Var/1Q21	%Var/4Q21
LOANS	78.6	+2.1%	+0.1%
Individual Customers	37.8	+1.0%	+0.0%
Incl. Mortgages	26.7	+3.6%	+0.5%
Incl. Consumer Lending	2.0	-59.1%	-58.3%
Corporates	40.7	+3.2%	+0.3%
DEPOSITS AND SAVINGS	62.5	+8.5%	+0.7%
Individual Deposits	37.8	+8.4%	+1.1%
Incl. Current Accounts	37.6	+8.5%	+1.1%
Corporate Deposits	24.7	+8.7%	+0.1%

€bn	31.03.22	%Var/ 31.03.21	%Var/ 31.12.21
OFF BALANCE SHEET SAVINGS			
Life Insurance	25.9	+6.6%	+0.6%
Mutual Funds	16.7	+0.0%	-7.1%

- **Loans: +2.1% vs. 1Q21**, good growth, in particular in corporate loans
- **Deposits: +8.5% vs. 1Q21**, strong growth in sight deposits in all customer segments
- **Off-balance sheet savings: +3.9% vs. 31.03.21,** good increase in life insurance

CPBS – Commercial & Personal Banking in Belgium – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Commercial, Personal Banking in Belgium (Including 100% of Private Banking in Belgium)					
Revenues	**935**	**858**	**+8.9%**	**854**	**+9.5%**
Incl. net interest income	*632*	*585*	*8.1%*	*581*	*8.8%*
Incl. fees	*303*	*274*	*10.6%*	*273*	*10.8%*
Operating Expenses and Dep.	-905	-845	+7.1%	-540	+67.5%
Gross Operating Income	**30**	**14**	**n.s.**	**314**	**-90.5%**
Cost of Risk	17	-47	n.s.	28	-37.6%
Operating Income	**47**	**-33**	**n.s.**	**342**	**-86.2%**
Share of Earnings of Equity-Method Entities	0	-3	-97.5%	2	n.s.
Other Non Operating Items	4	3	+42.9%	1	n.s.
Pre-Tax Income	**52**	**-33**	**n.s.**	**344**	**-85.0%**
Income Attributable to Wealth and Asset Management	-10	-12	-16.6%	-18	-45.5%
Pre-Tax Income of Commercial, Personal Banking in Belgium	**42**	**-45**	**n.s.**	**326**	**-87.2%**
Cost/Income	**96.8%**	**98.4%**	**-1.6 pt**	**63.3%**	**+33.5 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Belgium)	5.9	5.2	+13.1%	5.3	+11.9%

Including 100% of Private Banking in Belgium for the Revenues to Pre-tax Income line items

CPBS – Commercial & Personal Banking in Belgium

Volumes

Average outstandings (€bn)	1Q22	1Q21	4Q21	%Var/1Q21	%Var/4Q21
LOANS	130.5	115.0	120.4	+13.5%	+8.4%
Individual Customers	85.2	74.0	76.4	+15.2%	+11.6%
Incl. Mortgages	64.1	54.2	55.6	+18.2%	+15.1%
Incl. Consumer Lending	0.1	0.1	0.3	+7.9%	-48.1%
Incl. Small Businesses	21.0	19.7	20.5	+7.0%	+2.7%
Corporates and Local Governments	45.3	41.0	44.0	+10.5%	+2.9%
DEPOSITS AND SAVINGS	160.8	145.5	148.9	+10.5%	+8.0%
Current Accounts	78.8	67.1	69.7	+17.4%	+13.0%
Savings Accounts	79.8	76.1	76.9	+4.8%	+3.7%
Term Deposits	2.3	2.3	2.3	-1.1%	+0.8%

€bn	31.03.22	31.03.21	31.12.21	%Var/ 31.03.21	%Var/ 31.12.21
OFF BALANCE SHEET SAVINGS					
Life Insurance	24.1	24.2	24.6	-0.3%	-2.2%
Mutual Funds	40.9	38.3	42.3	+6.9%	-3.2%

- Restatement of 2021 outstandings (loans and deposits) related to the integration of an activity
- **Loans: +13.5% vs. 1Q21,** good growth, in particular in corporate loans
- **Deposits: +10.5% vs. 1Q21,** strong growth in sight deposits in all customer segments
- **Off-balance sheet savings: +4.1% vs. 31.03.21,** good increase in mutual fund outstandings

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CPBS – Commercial & Personal Banking in Luxembourg – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Commercial, Personal Banking in Luxembourg (Including 100% of Private Banking)					
Revenues	**115**	**101**	**+14.1%**	**113**	**+1.6%**
Incl. net interest income	*88*	*81*	*8.8%*	*87*	*1.3%*
Incl. fees	*27*	*20*	*36.1%*	*26*	*2.5%*
Operating Expenses and Dep.	-80	-79	+1.9%	-64	+25.9%
Gross Operating Income	**35**	**22**	**+58.0%**	**49**	**-29.8%**
Cost of Risk	5	1	n.s.	3	+79.2%
Operating Income	**40**	**23**	**+76.9%**	**52**	**-23.5%**
Share of Earnings of Equity-Method Entities	0	0	-77.0%	0	-96.9%
Other Non Operating Items	2	0	n.s.	0	n.s.
Pre-Tax Income	**42**	**23**	**+84.0%**	**52**	**-19.8%**
Income Attributable to Wealth and Asset Management	-2	-1	+23.2%	-2	+8.7%
Pre-Tax Income of Commercial, Personal Banking in Luxembourg	**40**	**21**	**+88.1%**	**50**	**-20.7%**
Cost/Income	**69.8%**	**78.2%**	**-8.4 pt**	**56.3%**	**+13.5 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Luxembourg)	0.8	0.7	+5.4%	0.7	+3.0%

Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax Income line items

- **Revenues: +14.1% vs. 1Q21**
  - Net interest income: +8.8%, driven by increase in volumes and credit margin
  - Fees: +36.1%, growth in all fees, in particular payment means fees
- **Operating expenses: +1.9% vs. 1Q21,** highly positive jaws effect (+12.2 pts)
- **Pre-tax income: +88.1% vs. 1Q21**

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CPBS – Commercial, Personal Banking in Luxembourg – 1Q22
Volumes

Average outstandings (€bn)	1Q22	%Var/1Q21	%Var/4Q21
LOANS	**12.7**	**+7.3%**	**+2.6%**
Individual Customers	8.0	+4.6%	+1.1%
Corporates and Local Governments	4.7	+12.1%	+5.4%
DEPOSITS AND SAVINGS	**28.7**	**+6.7%**	**-2.2%**
Current Accounts	17.6	+3.9%	-6.4%
Savings Accounts	8.8	+2.2%	-1.1%
Term Deposits	2.2	+74.6%	+42.4%

€bn	31.03.22	%Var/ 31.03.21	%Var/ 31.12.21
OFF BALANCE SHEET SAVINGS			
Life Insurance	1.1	-2.7%	-3.8%
Mutual Funds	2.2	+6.1%	-6.2%

- **Loans: +7.3% vs. 1Q21**, good growth in mortgage loans and corporate loans
- **Deposits: +6.7% vs. 1Q21,** growth driven in particular by inflows from corporate customers
- **Off-balance sheet savings:** good increase in mutual fund outstandings

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CPBS – Europe-Mediterranean – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Europe-Mediterranean (Including 100% of Private Banking in Poland and Turkey)					
Revenues	**639**	**516**	**+23.8%**	**449**	**+42.3%**
Incl. net interest income	*518*	*399*	*29.8%*	*320*	*61.9%*
Incl. fees	*121*	*117*	*3.1%*	*129*	*-6.5%*
Operating Expenses and Dep.	-422	-435	-2.9%	-395	+6.9%
Gross Operating Income	**217**	**82**	**n.s.**	**54**	**n.s.**
Cost of Risk	-39	-39	+1.7%	-32	+22.3%
Operating Income	**178**	**43**	**n.s.**	**22**	**n.s.**
Share of Earnings of Equity-Method Entities	70	40	+76.7%	46	+51.2%
Other Non Operating Items	0	-41	n.s.	-3	n.s.
Pre-Tax Income	**248**	**41**	**n.s.**	**65**	**n.s.**
Income Attributable to Wealth and Asset Management	-3	-3	+31.7%	-2	+62.1%
Pre-Tax Income of Europe-Mediterranean	**245**	**39**	**n.s.**	**63**	**n.s.**
Cost/Income	**66.1%**	**84.2%**	**-18.1 pt**	**87.9%**	**-21.8 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Poland and Turkey)	5.1	5.1	-0.0%	5.0	+1.9%

Including 100% of Private Banking in Turkey and Poland for the Revenues to Pre-tax Income line items

- **Forex impact due to the euro's appreciation vs. the Turkish lira and the zloty**
  - TRY/EUR[1]: -43.1% vs. 1Q21, -17.8% vs. 4Q21
  - PLN/EUR[1]: -1.7% vs. 1Q21, -0.1% vs. 4Q21
- **At constant scope and exchange rates vs. 1Q21**
  - **Revenues[2]**: +46.0%
  - **Operating expenses[2]:** +11.6%
  - **Pre-tax income[3]:** x 3.1

1. Average exchange rates; 2. Including 100% of Private Banking in Turkey and in Poland; 3. Including 2/3 of Private Banking in Turkey and in Poland

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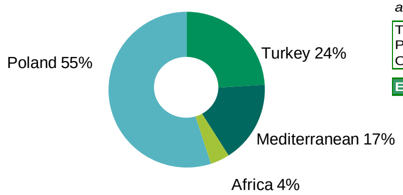
CPBS – Europe-Mediterranean

Volumes and risks

Average outstandings (€bn)	1Q22	%Var/1Q21 historical	%Var/1Q21 at constant scope and exchange rates	%Var/4Q21 historical	%Var/4Q21 at constant scope and exchange rates
LOANS	34.2	+0.1%	+16.6%	-1.0%	+4.8%
DEPOSITS	39.8	+1.3%	+18.1%	-2.2%	+4.4%

Geographical breakdown in loans outstanding in 1Q22[1]



Cost of risk / loans outstanding

Annualised cost of risk / outstandings as at beginning of period	1Q21	2Q21	3Q21	4Q21	1Q22
Turkey	0.73%	1.21%	0.04%	0.61%	0.62%
Poland	0.30%	0.26%	0.06%	-0.03%	0.16%
Others	0.26%	0.78%	0.51%	0.79%	0.83%
Europe Mediterranean	**0.42%**	**0.65%**	**0.17%**	**0.34%**	**0.43%**

TEB: a solid and well capitalised bank

- Solvency ratio[2] of 17.99% as at 31.03.22
- Very largely self-financed
- 1.0% of the Group's loans outstanding as at 31.03.22

1. Based on perimeter as at 31.03.22; 2.Capital Adequacy Ratio (CAR)

CPBS – BancWest – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
BancWest (Including 100% of Private Banking in United States)1					
Revenues	**619**	**625**	**-1.0%**	**626**	**-1.2%**
Incl. net interest income	*519*	*538*	*-3.6%*	*502*	*3.2%*
Incl. fees	*100*	*87*	*15.2%*	*124*	*-19.0%*
Operating Expenses and Dep.	-475	-410	+15.9%	-457	+4.0%
Gross Operating Income	**144**	**215**	**-33.2%**	**169**	**-15.1%**
Cost of Risk	194	7	n.s.	24	n.s.
Operating Income	**337**	**222**	**+52.1%**	**194**	**+74.2%**
Share of Earnings of Equity-Method Entities	0	0	n.s.	0	n.s.
Other Non Operating Items	0	2	n.s.	6	n.s.
Pre-Tax Income	**337**	**223**	**+51.0%**	**199**	**+69.1%**
Income Attributable to Wealth and Asset Management	-7	-7	-1.3%	-7	-3.6%
Pre-Tax Income of BancWest	**330**	**216**	**+52.6%**	**192**	**+71.7%**
Cost/Income	**76.8%**	**65.6%**	**+11.2 pt**	**73.0%**	**+3.8 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in the United States)	5.2	5.0	+3.3%	5.0	+4.8%

Including 100% of U.S Private Banking for the Revenues to Pre-tax Income line items

Foreign exchange effect: appreciation of dollar vs. euro

- USD / EUR[1] : +7.4% vs. 1Q21, +1.9% vs. 4Q21

At constant scope and exchange rates vs. 1Q21

- **Revenues[2]**: -7.9%
- **Operating expenses[2]**: +8.3%
- **Pre-tax income[3]**: +41.1%, strong release in cost of risk

1. Average rates; 2. Including 100% of Private banking in the United States; 3. Including 2/3 of Private Banking in the United States

CPBS – BancWest
Volumes

Average outstandings (€bn)	1Q22	%Var/1Q21 historical	%Var/1Q21 at constant scope and exchange rates	%Var/4Q21 historical	%Var/4Q21 at constant scope and exchange rates
LOANS	51.2	+2.3%	-4.7%	+2.8%	+0.9%
Individual Customers	21.5	+6.9%	-0.5%	+4.0%	+2.0%
Incl. Mortgages	9.1	+10.5%	+2.8%	+7.6%	+5.5%
Incl. Consumer Lending	12.5	+4.5%	-2.7%	+1.5%	-0.4%
Commercial Real Estate	14.8	+6.3%	-1.0%	+2.0%	+0.1%
Corporate Loans	14.9	-6.9%	-13.3%	+1.9%	-0.0%
DEPOSITS AND SAVINGS	72.3	+10.9%	+3.2%	-0.1%	-1.9%
Customer Deposits	67.1	+10.4%	+2.7%	-0.0%	-1.9%

At constant scope and exchange rates vs. 1Q21

- Loans: -4.7% vs. 1Q21, decrease in loans related to the effect of the end of the support measures related to the health crisis and the discontinuation of a business in 2020
- **Deposits**: +3.2% vs. 1Q21, +2.7% increase in deposits excluding treasury activities

CPBS – Specialised Businesses – Personal Finance – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Personal Finance					
Revenues	**1,388**	**1,332**	**+4.2%**	**1,294**	**+7.2%**
Operating Expenses and Dep.	-776	-750	+3.4%	-710	+9.2%
Gross Operating Income	**612**	**581**	**+5.4%**	**584**	**+4.8%**
Cost of Risk	-315	-321	-1.8%	-346	-9.0%
Operating Income	**297**	**260**	**+14.3%**	**238**	**+24.9%**
Share of Earnings of Equity-Method Entities	14	16	-11.4%	22	-35.6%
Other Non Operating Items	0	1	-89.7%	-2	n.s.
Pre-Tax Income	**312**	**277**	**+12.5%**	**258**	**+20.8%**
Cost/Income	**55.9%**	**56.4%**	**-0.5 pt**	**54.9%**	**+1.0 pt**
Allocated Equity (€bn, year to date)	7.7	7.8	-1.9%	7.7	-0.8%

At constant scope and exchange rates vs. 1Q21

- **Revenues:** +2.0%
- **Operating expenses:** +1.5%
- **Pre-tax income:** +10.8%

CPBS – Specialised Businesses – Personal Finance
Volumes and risks

Average outstandings (€bn)	1Q22	%Var/1Q21 historical	%Var/1Q21 at constant scope and exchange rates	%Var/4Q21 historical	%Var/4Q21 at constant scope and exchange rates
TOTAL CONSOLIDATED OUTSTANDINGS	92.6	+1.9%	+0.9%	+1.5%	+0.6%
TOTAL OUTSTANDINGS UNDER MANAGEMENT (1)	107.7	+3.8%	+1.1%	+1.5%	+0.6%

(1) Including 100% of outstandings of subsidiaries not fully owned as well as of all partnerships

Cost of risk / loans outstanding

Annualised cost of risk / outstandings as at beginning of period	1Q21	2Q21	3Q21	4Q21	1Q22
France	1.10%	0.35%	1.04%	1.41%	1.13%
Italy	1.70%	1.05%	1.28%	0.70%	1.64%
Spain	2.07%	4.54%	1.88%	2.37%	1.40%
Other Western Europe	0.96%	1.15%	1.08%	1.57%	0.98%
Eastern Europe	1.39%	2.47%	1.00%	1.51%	1.25%
Brazil	4.75%	7.49%	5.79%	7.05%	6.61%
Others	1.72%	2.14%	1.75%	1.67%	1.73%
Personal Finance	**1.38%**	**1.47%**	**1.30%**	**1.50%**	**1.34%**

CPBS – Specialised Businesses – 1Q22
Arval & Leasing Solutions

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Arval & Leasing Solutions					
Revenues	**811**	**639**	**+27.0%**	**709**	**+14.4%**
Operating Expenses and Dep.	-366	-338	+8.4%	-328	+11.6%
Gross Operating Income	**445**	**301**	**+47.9%**	**381**	**+16.7%**
Cost of Risk	-30	-32	-6.0%	-30	-1.6%
Operating Income	**415**	**269**	**+54.2%**	**351**	**+18.3%**
Share of Earnings of Equity-Method Entities	4	2	n.s.	3	+62.4%
Other Non Operating Items	0	0	n.s.	0	-13.9%
Pre-Tax Income	**419**	**271**	**+54.9%**	**353**	**+18.6%**
Cost/Income	**45.1%**	**52.9%**	**-7.8 pt**	**46.2%**	**-1.1 pt**
Allocated Equity (€bn, year to date)	3.3	3.3	+0.0%	3.2	+3.0%

CPBS – Specialised Businesses – 1Q22
Arval & Leasing Solutions

Arval

Average outstandings (€bn)	1Q22	%Var/1Q21 historical	%Var/1Q21 at constant scope and exchange rates	%Var/4Q21 historical	%Var/4Q21 at constant scope and exchange rates
Consolidated Outstandings	25.6	+9.8%	+9.5%	+2.0%	+2.0%
Financed vehicles ('000 of vehicles)	1,484	+6.5%	+6.5%	+0.9%	+0.9%

- **Consolidated outstandings: +9.5%[1] vs. 1Q21**, good growth in all regions
- **Financed fleet: +6.5% vs. 1Q21**, very good sales and marketing drive

Leasing Solutions

Average outstandings (€bn)	1Q22	1Q21	4Q21	%Var/1Q21 historical	%Var/1Q21 at constant scope and exchange rates	%Var/4Q21 historical	%Var/4Q21 at constant scope and exchange rates
Consolidated Outstandings	22.1	21.3	22.3	+4.0%	+4.3%	-0.7%	-0.6%

- Restatement of 2021 outstandings related to the integration of an activity
- **Consolidated outstandings: +4.3%[1] vs. 1Q21**, good sales and marketing drive

1. At constant scope and exchange rates

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CPBS – Specialised Businesses – 1Q22
New Digital Businesses and Personal Investors

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
New Digital Businesses & Personal Investors (including 100% of Private Banking in Germany)					
Revenues	**205**	**203**	**+1.2%**	**184**	**+11.4%**
Operating Expenses and Dep.	-132	-119	+11.3%	-143	-7.5%
Gross Operating Income	**73**	**84**	**-13.0%**	**41**	**+77.1%**
Cost of Risk	-12	-2	n.s.	-1	n.s.
Operating Income	**61**	**82**	**-26.2%**	**40**	**+51.2%**
Share of Earnings of Equity-Method Entities	-3	-3	-23.6%	-3	-2.0%
Other Non Operating Items	0	0	-71.4%	9	-99.5%
Pre-Tax Income	**58**	**79**	**-26.4%**	**47**	**+24.8%**
Income Attributable to Wealth and Asset Management	-1	-1	-4.5%	-1	+20.5%
Pre-Tax Income of the New Digital Businesses & Personal Investors	**58**	**79**	**-26.6%**	**46**	**+24.9%**
Cost/Income	**64.4%**	**58.6%**	**+5.8 pt**	**77.6%**	**-13.2 pt**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Germany)	0.4	0.3	+27.2%	0.4	+5.8%

Including 100% of Private Banking in Germany for the Revenues to Pre-tax Income line items

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CPBS – Specialised Businesses – 1Q22
New Digital Businesses and Personal Investors

Nickel

- **2.6 million accounts opened[1] as at the end of March 2022** (+26.6% vs. 31.03.21)

Floa

- Closing of the acquisition on 31.01.22
- **3.7 million accounts opened as of the end of March 2022** (+21.7% vs. 31.03.21)

Personal Investors

Average outstandings (€bn)	1Q22	%Var/1Q21	%Var/4Q21
LOANS	0.5	-11.1%	-23.1%
DEPOSITS	30.3	+16.1%	+1.4%

€bn	31.03.22	%Var/ 31.03.21	%Var/ 31.12.21
ASSETS UNDER MANAGEMENT	162.5	+11.3%	-0.5%
European Customer Orders (millions)	13.0	+4.8%	+10.2%

- **Deposits: +16.1% vs. 1Q21**, good level of external inflows
- **Assets under management: +11.3% vs. 31.03.21,** good growth driven by very good inflows
- Increase in retail order numbers, particularly in Germany (+4.8% vs. 1Q21)

1. Since inception in France and Spain

IPS – Investment & Protection Services – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Investment & Protection Services					
Revenues	**1,650**	**1,652**	**-0.2%**	**1,639**	**+0.6%**
Operating Expenses and Dep.	-1,051	-1,015	+3.6%	-1,164	-9.7%
Gross Operating Income	**599**	**638**	**-6.0%**	**475**	**+26.1%**
Cost of Risk	-7	-5	+36.2%	7	n.s.
Operating Income	**592**	**633**	**-6.4%**	**482**	**+22.8%**
Share of Earnings of Equity-Method Entities	52	44	+16.8%	57	-9.9%
Other Non Operating Items	39	97	-60.0%	-3	n.s.
Pre-Tax Income	**683**	**774**	**-11.7%**	**537**	**+27.1%**
Cost/Income	**63.7%**	**61.4%**	**+2.3 pt**	**71.0%**	**-7.3 pt**
Allocated Equity (€bn, year to date)	9.9	11.5	-13.2%	12.0	-17.1%

IPS – Insurance and WAM[1]
Activity

€bn	31.03.22	31.03.21	%Var/ 31.03.21	31.12.21	%Var/ 31.12.21
Assets under management (€bn)	1,244.1	1,173.7	+6.0%	1,276.7	-2.6%
Insurance	270.4	268.2	+0.8%	282.2	-4.2%
Wealth Management	420.6	402.8	+4.4%	426.7	-1.4%
AM+RE+PI	553.2	502.7	+10.1%	567.9	-2.6%
Asset Management	522.2	473.7	+10.3%	537.3	-2.8%
Real Estate Services	30.1	28.5	+5.5%	29.6	+1.5%
Principal Investment	0.9	0.5	+78.7%	0.9	+0.0%

	1Q22	1Q21	%Var/ 1Q21	4Q21	%Var/ 4Q21
Net asset flows (€bn)	0.0	5.1	n.s.	28.9	n.s.
Insurance	2.6	1.5	+70.4%	2.5	+2.7%
Wealth Management	3.6	4.4	-18.7%	2.6	+40.2%
AM+RE+PI	-6.2	-0.8	n.s.	23.8	n.s.
Asset Management	-6.7	-1.0	n.s.	23.0	n.s.
Real Estate Services	0.5	0.1	n.s.	0.6	-7.2%
Principal Investment	0.0	0.1	n.s.	0.3	n.s.

1. Wealth Management, Asset Management, Real Estate and Principal Investments

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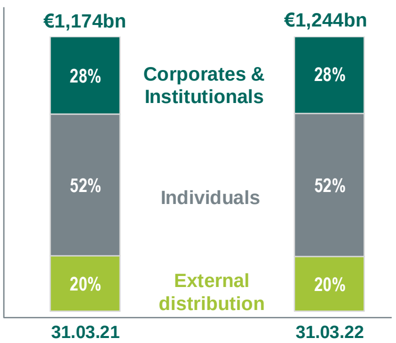
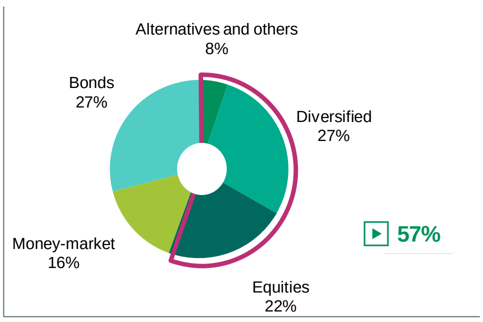
IPS – Insurance and WAM[1]

Insurance and WAM
Breakdown in assets by client segment



Asset Management
Breakdown in AuM as at 31.03.22



€522bn

1. Wealth Management, Asset Management, Real Estate and Principal Investments

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IPS – Insurance – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Insurance					
Revenues	**721**	**792**	**-8.9%**	**655**	**+10.1%**
Operating Expenses and Dep.	-384	-383	+0.4%	-410	-6.4%
Gross Operating Income	**337**	**409**	**-17.5%**	**245**	**+37.6%**
Cost of Risk	0	0	n.s.	-1	-37.1%
Operating Income	**337**	**409**	**-17.7%**	**244**	**+37.8%**
Share of Earnings of Equity-Method Entities	36	33	+8.7%	30	+20.4%
Other Non Operating Items	1	0	n.s.	-2	n.s.
Pre-Tax Income	**373**	**442**	**-15.6%**	**272**	**+37.3%**
Cost/Income	**53.3%**	**48.3%**	**+5.0 pt**	**62.6%**	**-9.3 pt**
Allocated Equity (€bn, year to date)	7.2	9.0	-20.2%	9.4	-23.9%

- **Technical reserves: +4.6% vs. 1Q21**

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IPS – Wealth and Asset Management – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Wealth and Asset Management including Real Estate & Principal Investments					
Revenues	**929**	**861**	**+7.9%**	**984**	**-5.6%**
Operating Expenses and Dep.	-667	-632	+5.5%	-754	-11.6%
Gross Operating Income	**262**	**229**	**+14.5%**	**230**	**+13.7%**
Cost of Risk	-7	-5	+22.5%	8	n.s.
Operating Income	**255**	**223**	**+14.3%**	**238**	**+7.4%**
Share of Earnings of Equity-Method Entities	16	12	+39.7%	28	-42.0%
Other Non Operating Items	38	96	-60.6%	0	n.s.
Pre-Tax Income	**310**	**331**	**-6.6%**	**265**	**+16.6%**
Cost/Income	**71.8%**	**73.4%**	**-1.6 pt**	**76.6%**	**-4.8 pt**
Allocated Equity (€bn, year to date)	2.8	2.5	+11.8%	2.6	+7.4%

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Corporate Centre – 1Q22

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Other Activities					
Revenues	**66**	**243**	**-73.0%**	**-5**	**n.s.**
Operating Expenses and Dep.	-511	-244	n.s.	-264	+93.3%
Incl. Restructuring, IT Reinforcement and Adaptation Costs	*-76*	*-77*	*-2.1%*	*-82*	*-8.0%*
Gross Operating Income	**-445**	**0**	**n.s.**	**-269**	**+65.4%**
Cost of Risk	-54	-54	+0.0%	0	n.s.
Operating Income	**-499**	**-54**	**n.s.**	**-269**	**+85.6%**
Share of Earnings of Equity-Method Entities	23	20	+15.8%	4	n.s.
Other Non Operating Items	-43	292	n.s.	247	n.s.
Pre-Tax Income	**-519**	**257**	**n.s.**	**-18**	**n.s.**
Allocated Equity (€bn, year to date)	3.8	3.9	-3.4%	4.3	-10.8%

- **Reminder: Perimeter excluding Principal Investments, which is included in IPS**
- **Revenues**
  - Revaluation of proprietary credit risk included in derivatives (DVA): €93m
  - Impact of a negative non-recurring item
  - Reminder from 1Q21: +€58m capital gain on the sale of 4.99% in SBI Life
- **Operating expenses**
  - Increase in taxes subject to IFRIC 21[1] in 1Q22
  - Restructuring and adaptation costs[2]: -€26m (-€58m in 1Q21)
  - IT reinforcement costs: -€49m (-€19m in 1Q21)
- **Other non-operating items**
  - Badwill (bpost bank): +€244m
  - Capital gain on the sale of a stake: +€204m (Reminder from 1Q21: +€302m capital gain on the sale of buildings)
  - Impairment (Ukrsibbank): -€159m
  - Reclassification to profit and loss of exchange differences (Ukrsibbank)[3]: -€274m

1. Booking in 1Q of almost the entire amount of taxes and contributions for the year, based on the application of IFRIC 21 "Taxes", including the estimated contribution to the Single Resolution Fund (SRF); 2. Related in particular to CIB, CPB and Wealth Management; 3. Previously recorded in the Consolidated Equity

Breakdown of taxes and contributions subject to IFRIC 21 – 1Q22

In millions of euros	1Q21	1Q22
Commercial, Personal Banking and Services	**-675**	**-760**
Commercial, Personal Banking in France[1]	-142	-168
BNL bc[1]	-41	-47
Commercial, Personal Banking in Belgium[1]	-328	-369
Commercial, Personal Banking in Luxembourg[1]	-18	-19
Commercial, Personal Banking in Europe-Mediterranean[1]	-32	-38
Commercial, Personal Banking in United States[1]	-8	-9
Arval	-16	-17
Leasing Solutions	-21	-20
BNP Paribas Personal Finance	-76	-79
Personal Investors	6	6
New Digital Businesses	0	0
Investment and Protection Services	**-57**	**-77**
Insurance	-25	-44
Wealth Management	-28	-30
Asset Management	-3	-3
Real Estate	0	-1
Principal Investments	-1	0
Corporate & Institutional Banking	**-673**	**-737**
Global Banking	-170	-165
Global Markets	-451	-514
Securities Services	-52	-57
Corporate Centre	**-46**	**-255**
TOTAL	**-1,451**	**-1,829**

1. Including 2/3 of Private Banking

GROUP RESULTS

DIVISION RESULTS

CONCLUSION

1Q22 DETAILED RESULTS

APPENDICES

Number of Shares and Earnings per Share

Number of Shares

in millions	31-Mar-22	31-Mar-21
Number of Shares (end of period)	1,234	1,250
Number of Shares excluding Treasury Shares (end of period)	1,233	1,249
Average number of Shares outstanding excluding Treasury Shares	1,233	1,248

Reminder: cancellation of 15,466,915 shares acquired under BNP Paribas' share buyback, which was executed between 1 November 2021 and 6 December 2021

Earnings per Share

in millions	31-Mar-22	31-Mar-21
Average number of Shares outstanding excluding Treasury Shares	**1,233**	**1,248**
Net income attributable to equity holders	2,108	1,768
Remuneration net of tax of Undated Super Subordinated Notes	-94	-117
Exchange rate effect on reimbursed Undated Super Subordinated Notes	-123	-18
Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes	**1,891**	**1,633**
Net Earnings per Share (EPS) in euros	**1.53**	**1.31**

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Capital Ratios and Book Value Per Share

Capital Ratios

	31-Mar-22	31-Dec-21
Total Capital Ratio (a)	16.0%	16.4%
Tier 1 Ratio (a)	13.5%	14.0%
Common equity Tier 1 ratio (a)	12.4%	12.9%

(a) CRD4, on risk-weighted assets of €745bn as at 31.03.22 and €714bn as at 31.12.21; refer to slide 84

Book value per Share

in millions of euros	31-Mar-22	31-Mar-21	
Shareholders' Equity Group share	**119,050**	**113,788**	(1)
of which changes in assets and liabilities recognised directly in equity (valuation reserve)	353	-318	
of which Undated Super Subordinated Notes	8,624	9,202	(2)
of which remuneration net of tax payable to holders of Undated Super Subordinated Notes	44	56	(3)
Net Book Value (a)	**110,382**	**104,530**	(1)-(2)-(3)
Goodwill and intangibles	11,682	11,470	
Tangible Net Book Value (a)	**98,700**	**93,060**	
Number of Shares excluding Treasury Shares (end of period) in millions	**1,233**	**1,249**	
Book Value per Share (euros)	**89.5**	**83.7**	
of which book value per share excluding valuation reserve (euros)	***89.3***	***84.0***	
Net Tangible Book Value per Share (euros)	**80.1**	**74.5**	

(a) Excluding Undated Super Subordinated Notes and remuneration net of tax payable to holders of Undated Super Subordinated Notes

Return on Equity and Permanent Shareholders' Equity

Calculation of Return on Equity

in millions of euros	31-Mar-22	31-Mar-21	
Net income Group share	**2,108**	**1,768**	(1)
Exceptional items (after tax) (a)	-43	236	(2)
of which exceptional items (not annualised)	11	290	(3)
of which IT reinforcement and restructuring costs (annualised)	-54	-54	(4)
Contribution to the Single Resolution Fund (SRF) and levies after tax	-1,634	-1,292	(5)
Net income Group share, not revaluated (exceptional items, contribution to SRF and taxes not annualised) (b)	**13,517**	**10,292**	(6)
Remuneration net of tax of Undated Super Subordinated Notes and exchange effect	-523	-434	
Impact of annualised IT reinforcement and restructuring costs	-216	-216	
Net income Group share used for the calculation of ROE/ROTE (c)	**12,778**	**9,642**	
Average permanent shareholders' equity, not revaluated, used for the ROE calculation (d)	**106,550**	**102,484**	
Return on Equity (ROE)	**12.0%**	**9.4%**	
Average tangible permanent shareholders' equity, not revaluated, used for the ROTE calculation (e)	**94,935**	**91,053**	
Return on Tangible Equity (ROTE)	**13.5%**	**10.6%**	

(a) See slide 8; (b) Annualised net income Group share as at 31 March 2022, (6)=4[(1)-(2)-(5)]+(3)+(5); (c) Annualised Group share as at 31 March 2022; (d) Average Permanent shareholders' equity: average of beginning of the year and end of the period including in particular annualised net income as at 31 March 2022 with exceptional items and contribution to SRF and taxes not annualised (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 - dividend distribution assumption); (e) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period including in particular annualised net income as at 31 March 2022 with exceptional items and contribution to SRF and taxes not annualised (Tangible permanent shareholders' equity = permanent shareholders' equity - intangible assets - goodwill)*

Permanent Shareholders' Equity Group share, not revaluated, used for the calculation of ROE / ROTE

in millions of euros	31-Mar-22	31-Mar-21	
Net Book Value	**110,382**	**104,530**	(1)
of which changes in assets and liabilities recognised directly in equity (valuation reserve)	353	-318	(2)
of which 2020 dividend distribution project		3,307	(3)
of which 2021 dividend distribution project	4,527	4,820	(4)
of which 2022 net income distribution project	7,113		(5)
Annualisation of restated result (a)	11,193	8,470	(6)
Restatement of remuneration of Undated Super Subordinated Notes for the annualised calculation	-306	-162	(7)
Permanent shareholders' equity, not revaluated, used for the calculation of ROE (b)	**109,276**	**105,029**	(1)-(2)-(3)-(4)-(5)+(6)+(7)
Goodwill and intangibles	11,682	11,470	
Tangible permanent shareholders' equity, not revaluated, used for the calculation of ROTE (b)	**97,594**	**93,559**	
Average permanent shareholders' equity, not revaluated, used for the ROE calculation (c)	**106,550**	**102,484**	
Average tangible permanent shareholders' equity, not revaluated, used for the ROTE calculation (d)	**94,935**	**91,053**	

(a) 3 1Q22 Net Income Group share excluding exceptional items but including IT reinforcement, adaptation and restructuring costs and excluding contribution to SRF and levies after tax; (b) Excluding Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes, and including the assumptions of distribution of net income; (c) Average Permanent shareholders' equity: average of beginning of the year and end of the period including in particular annualised net income as at 31 March 2022 with exceptional items and contribution to SRF and taxes not annualised (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 - dividend distribution assumption); (d) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period including in particular annualised net income as at 31 March 2022 with exceptional items and contribution to SRF and taxes not annualised (Tangible permanent shareholders' equity = permanent shareholders' equity - intangible assets - goodwill)*

A Solid Financial Structure

Doubtful loans/gross outstandings

	31-Mar-22	31-Mar-21
Doubtful loans (a) / Loans (b)	1.9%	2.1%

(a) 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; (b) Gross loans outstanding 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)

Coverage ratio

€bn	31-Mar-22	31-Mar-21
Allowance for loan losses (a)	15.8	16.8
Doubtful loans (b)	21.6	23.8
Stage 3 coverage ratio	73.3%	70.6%

(a) Stage 3 provisions; (b) 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 amortized costs or at fair value through shareholders' equity (excluding insurance)

Liquidity Coverage Ratio and Immediately available liquidity reserve

	31-Mar-22	31-Mar-21
Liquidity Coverage Ratio	132%	136%
Immediately available liquidity reserve (€bn) (a)	468	454

(a) Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment systems needs

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Common Equity Tier 1 ratio

Basel 3 Common Equity Tier 1 ratio[1]
(Accounting capital to prudential capital reconciliation)

€bn	31-Mar-22	31-Dec-21
Consolidated Equity	**123.6**	**122.5**
Undated super subordinated notes	-8.6	-9.2
2021 net income distribution project	-4.5	-4.5
2022 net income distribution project	-1.0	
Regulatory adjustments on equity[2]	-1.5	-1.8
Regulatory adjustments on minority interests	-3.0	-3.0
Goodwill and intangible assets	-10.3	-10.1
Deferred tax assets related to tax loss carry forwards	-0.3	-0.3
Other regulatory adjustments	-1.2	-1.6
Deduction of irrevocable payments commitments	-1.1	0.0
Common Equity Tier One capital	**92.1**	**92.0**
Risk-weighted assets	**745**	**714**
Common Equity Tier 1 Ratio	**12.4%**	**12.9%**

1. CRD4; 2. Including Prudent Valuation Adjustment and IFRS 9 transitional provisions

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Medium/Long Term Regulatory Funding

Continued presence in debt markets

2022 MLT regulatory issuance plan[1]: ~€ 20.5bn

- **Capital instruments: ~€5.5bn; €2.9bn already issued[2] (including €2-3bn AT1 ; €1.1bn already issued):**
  - **AT1**: $1.25bn (€1.1bn) priced on 05.01.22, PerpNC5[3], at 4.625% (sa, 30/360) ; equiv. 5Y US Treasuries+320 bps
  - **Tier 2**: SGD350m (€228m) priced on 15.02.22, 10NC5[4], at 3.125% (sa, Act/365) ; equiv. 5Y mid-swap SORA-OIS+140 bps
  - **Tier 2**: €1.50bn priced on 25.03.22, 10NC5[4], 2.5% (a, Act/Act), equiv. mid-swap€+160 bps

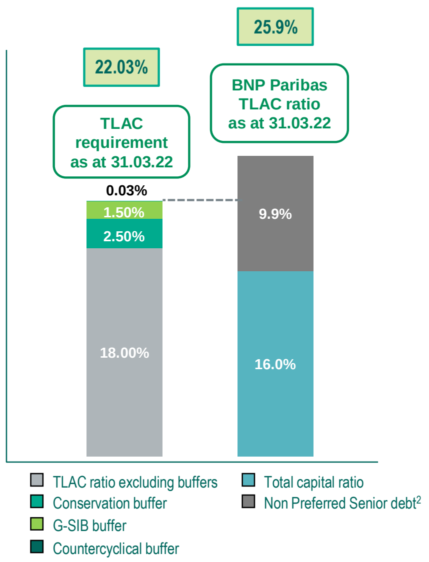
- **Non Preferred Senior debt: ~ €15bn; €8.0bn already issued[2]:**
  - €1.50bn priced on 04.01.22, 8.5NC7.5[5], at mid-swap€+83 bps
  - CHF220m (€0.2bn) priced on 06.01.22, 6NC5[6], at CHF mid-swap€+68 bps
  - Dual tranche priced on 12.01.22:
    - $1.75bn (€1.5bn), 6NC5[6], at US Treasuries+110 bps
    - $1.25bn (€1.1bn), 11NC10[7], at US Treasuries+140 bps
  - Dual tranche priced on 17.02.22:
    - A$275m (€174m), 6NC5[6], fixed rate, at 3M BBSW+150 bps
    - A$250m (€158m), 6NC5[6], floating rate note, at 3M BBSW+150 bps
  - £450m (€540m) priced on 17.02.22, 7Y bullet, at UK Gilt+155 bps
  - €1.50bn priced on 31.03.22, 10Y bullet, at mid-swap€+90 bps

53% of the regulatory issuance plan realised as of 22 April 2022

1. Subject to market conditions, indicative amounts; 2. As of 22 April 2022, € valuation based on FX rates on 31 March 2022; 3. Perpetual, callable on year 5, and every 5 year thereafter; 4. 10-year maturity callable on year 5 only; 5. 8.5-year maturity callable on year 7.5 only; 6. 6-year maturity callable on year 5 only; 7. 11-year maturity callable on year 10 only.

TLAC ratio: ~390bps above the requirement without calling on the Preferred Senior debt allowance

- **TLAC requirement as at 31.03.22: 22.03% of RWA**
  - Including capital conservation buffer, G-SIB buffer and countercyclical capital buffer (3 bps as of 1Q22)
- **TLAC requirement as at 31.03.22: 6.75% of leverage ratio exposure**
- **BNP Paribas TLAC ratio as at 31.01.22[1]**
  - ✓ **25.9% of RWA**:
    - ✓ 16.0% total capital as at 31 March 2022
    - ✓ 9.9% of Non Preferred Senior debt[2]
    - ✓ Without calling on the Preferred Senior debt allowance
  - ✓ **7.2% of leverage ratio exposure[3]**



1. In accordance with Regulation (EU) No. 575/2013 as amended by Regulation (EU) No. 2019/876, Article 72b paragraphs 3 and 4, some Preferred Senior debt instruments (amounting to 9,705 million euros as at 31 March 2022) are eligible within the limit of 3.5% of risk-weighted assets; BNP Paribas did not use this option as at 31 March 2022; 2. Principal amount outstanding and other regulatory adjustments, including amortised portion of Tier 2 instruments with residual maturity over 1 year; 3. TLAC ratio reached 7.2% of leverage ratio exposure, calculated in accordance with Regulation (EU) 2019/876, without opting for the temporary exclusion related to deposits with Eurosystem central banks authorised by the ECB decision of 18 June 2021

Distance to MDA restrictions

Reminder: Pillar 2 is composed of:

- "Pillar 2 Requirement" [1](public), applicable to CET1, Tier 1 and Total Capital ratios
- "Pillar 2 Guidance" (not public), not applicable for distributable amount restrictions (MDA – Maximum Distributable Amount)

Capital requirements as at 31.03.22[2]:

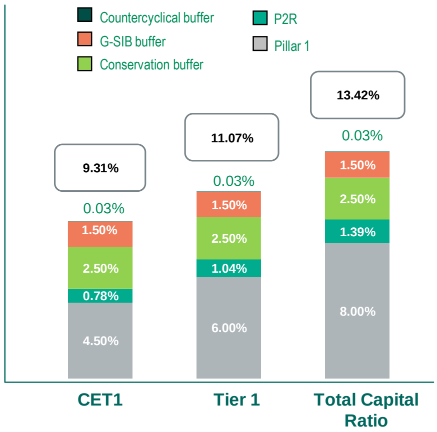
- CET1: 9.31%
- Tier 1: 11.07%
- Total Capital: 13.42%

MREL requirement as at 31.03.22 :

- Distance to possible M-MDA restrictions: in force since 01.01.22 but not constraining, as higher than the distance to MDA restrictions

Distance as at 31.03.22 to Maximum Distributable Amount restrictions[3] equal to the lowest of the calculated amounts: €18.0bn

Capital requirements as at 31.03.22[2]



	CET1	Tier 1	Total Capital Ratio
BNP Paribas Capital ratios as of 31 March 2022	**12.4%**	**13.5%**	**16.0%**
Distance[4] as of 31 March 2022 to Maximum Distributable Amount restrictions[3]	**305 bps €22.7bn**	**240 bps €18.0bn**	**260 bps €19.3bn**

1. Increase of P2R corresponding to the option not to deduct from common equity an amount equivalent to 14 bps to cover the difference between provisioning and supervisory expectations; 2. Including a countercyclical capital buffer of 3 bps; 3. As defined by the Article 141 of CRD5; 4. Calculated on the basis of RWA (€745bn) as of 31.03.22

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Variation in the Cost of Risk by Business Unit (1/2)

Cost of risk/Customer loans at the beginning of the period (in annualised bp)

	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
Commercial Personal Banking and Services[1]								
Loan outstandings as of the beg. of the quarter (€bn)	603.3	620.6	625.0	624.4	629.7	633.5	628.2	643.1
Cost of risk (€m)	2,922	4,212	668	694	639	597	2,598	401
Cost of risk (in annualised bp)	48	68	43	44	41	38	41	25
Commercial and Personal Banking in the Euro Zone[1]								
Loan outstandings as of the beg. of the quarter (€bn)	391.1	408.1	421.0	420.8	426.6	429.9	424.6	437.5
Cost of risk (€m)	883	1,268	281	249	288	211	1,030	198
Cost of risk (in annualised bp)	23	31	27	24	27	20	24	18
CPBF[1]								
Loan outstandings as of the beg. of the quarter (€bn)	190.4	202.2	212.5	212.9	215.7	214.7	214.0	218.3
Cost of risk (€m)	329	496	125	101	115	99	441	93
Cost of risk (in annualised bp)	17	25	24	19	21	19	21	17
BNL bc[1]								
Loan outstandings as of the beg. of the quarter (€bn)	77.2	76.6	78.9	77.5	78.2	80.5	78.8	81.5
Cost of risk (€m)	490	525	110	105	130	143	487	128
Cost of risk (in annualised bp)	64	69	56	54	67	71	62	63
CPBB[1]								
Loan outstandings as of the beg. of the quarter (€bn)	113.0	117.8	117.9	118.4	120.5	122.5	119.8	125.0
Cost of risk (€m)	55	230	47	45	36	-28	99	-17
Cost of risk (in annualised bp)	5	19	16	15	12	-9	8	-6

1. With Private Banking at 100%

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Variation in the Cost of Risk by Business Unit (2/2)

Cost of risk/Customer loans at the beginning of the period (in annualised bp)

	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
Commercial and Personal Banking outside the Euro Zone[1]								
Loan outstandings as of the beg. of the quarter (€bn)	95.8	95.3	86.9	86.9	85.8	87.1	86.7	87.2
Cost of risk (€m)	547	759	32	67	-8	8	99	-154
Cost of risk (in annualised bp)	57	80	15	31	-4	4	11	-71
BancWest[1]								
Loan outstandings as of the beg. of the quarter (€bn)	55.1	55.8	49.8	51.1	49.0	49.3	49.8	50.6
Cost of risk (€m)	148	322	-7	8	-23	-24	-45	-194
Cost of risk (in annualised bp)	27	58	-5	7	-19	-20	-9	-153
Europe-Méditerranean[1]								
Loan outstandings as of the beg. of the quarter (€bn)	40.7	39.5	37.2	35.8	36.8	37.8	36.9	36.6
Cost of risk (€m)	399	437	39	58	15	32	144	39
Cost of risk (in annualised bp)	98	111	42	65	17	34	39	43
Personal Finance								
Loan outstandings as of the beg. of the quarter (€bn)	93.5	94.4	93.1	93.4	93.5	92.5	93.1	94.0
Cost of risk (€m)	1,354	1,997	321	344	303	346	1,314	315
Cost of risk (in annualised bp)	145	212	138	147	130	150	141	134
CIB - Global Banking								
Loan outstandings as of the beg. of the quarter (€bn)	145.6	164.4	144.7	154.0	153.1	156.5	152.1	163.0
Cost of risk (€m)	223	1,308	185	64	24	-72	201	-20
Cost of risk (in annualised bp)	15	80	51	17	6	-18	13	-5
Group[2]								
Loan outstandings as of the beg. of the quarter (€bn)	827.1	867.3	846.9	866.8	873.9	883.0	867.7	903.8
Cost of risk (€m)	3,203	5,717	896	813	706	510	2,925	456
Cost of risk (in annualised bp)	39	66	42	38	32	23	34	20

1. With Private Banking at 100%; 2. Including cost of risk of market activities, Investment and Protection Services and Corporate Centre

Risk-Weighted Assets

Basel 3 Risk-Weighted Assets[1]: €745bn as at 31.03.22 (€714bn as at 31.12.21)

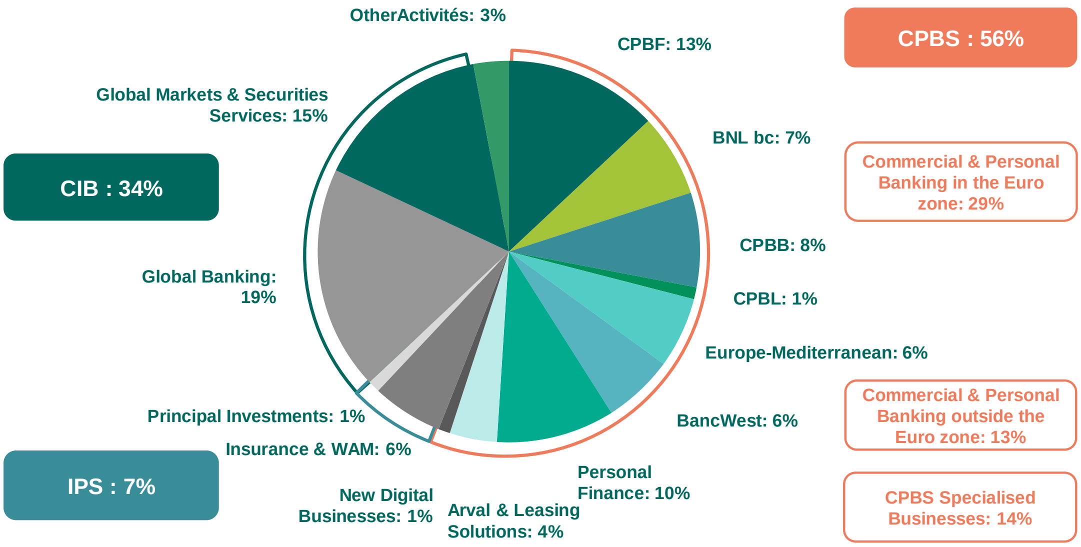
The +€31bn change is mainly explained by:

- +€21bn increase in credit risk with the impact of the updating of models and new regulations and effect of the acceleration in growth and bolt-on acquisitions[2]
- +€6bn increase in counterparty risk
- +€4bn increase in market risk

bn€	31.03.22	31.12.21
Credit risk	574	554
Operational Risk	63	63
Counterparty Risk	47	40
Market vs. Foreign exchange Risk	29	25
Securitisation positions in the banking book	14	14
Others[3]	19	18
Basel 3 RWA[1]	**745**	**714**

1. CRD4; 2. Integration of Floa and bpost bank; 3. Including the DTAs and significant investments in entities in the financial sector subject to 250% weighting

Basel 3[1] risk-weighted assets by business as at 31.03.22



1. CRD 4

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

€m	1Q22	1Q21	1Q22 / 1Q21	4Q21	1Q22 / 4Q21
Group					
Revenues	**13,218**	**11,829**	**+11.7%**	**11,232**	**+17.7%**
Incl. Interest Income	5,734	5,452	*5.2%*	5,169	*10.9%*
Incl. Commissions	2,637	2,555	*3.2%*	2,919	*-9.7%*
Operating Expenses and Dep.	-9,653	-8,597	+12.3%	-7,930	+21.7%
Gross Operating Income	**3,565**	**3,232**	**+10.3%**	**3,302**	**+8.0%**
Cost of Risk	-456	-896	-49.1%	-510	-10.6%
Operating Income	**3,109**	**2,336**	**+33.1%**	**2,792**	**+11.4%**
Share of Earnings of Equity-Method Entities	165	124	+33.2%	138	+19.6%
Other Non Operating Items	3	363	-99.2%	240	-98.8%
Non Operating Items	**168**	**487**	**-65.5%**	**378**	**-55.6%**
Pre-Tax Income	**3,277**	**2,823**	**+16.1%**	**3,170**	**+3.4%**
Corporate Income Tax	-1,047	-969	+8.0%	-759	+37.9%
Net Income Attributable to Minority Interests	-122	-86	+41.8%	-105	+16.2%
Net Income Attributable to Equity Holders	**2,108**	**1,768**	**+19.2%**	**2,306**	**-8.6%**
Cost/income	**73.0%**	**72.7%**	**+0.3 pt**	**70.6%**	**+2.4 pt**

BNP Paribas' financial disclosures for the first quarter 2022 are contained in this press release and in the presentation attached herewith. All legally required disclosures, including the Universal Registration document, are available online at http://invest.bnpparibas.com in the "Results" section and are made public by BNP Paribas pursuant to the requirements under Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-1 and seq. of the Autorité des Marchés Financiers' general rules.

1Q22 – RESULTS BY CORE BUSINESSES

€m		Commercial, Personal Banking and Services (2/3 of Private Banking)	Investment and Protection Services	CIB	Operating Divisions	Others activities	Group
Revenues		**6,800**	**1,650**	**4,702**	**13,152**	**66**	**13,218**
	%Change1Q21	+8.6%	-0.2%	+28.1%	+13.5%	-73.0%	+11.7%
	%Change4Q21	+7.4%	+0.6%	+44.1%	+17.0%	n.s.	+17.7%
Operating Expenses and Dep.		-4,738	-1,051	-3,353	-9,142	-511	-9,653
	%Change1Q21	+5.2%	+3.6%	+18.3%	+9.4%	n.s.	+12.3%
	%Change4Q21	+14.1%	-9.7%	+42.8%	+19.3%	+93.3%	+21.7%
Gross Operating Income		**2,062**	**599**	**1,349**	**4,010**	**-445**	**3,565**
	%Change1Q21	+17.3%	-6.0%	+61.4%	+24.1%	n.s.	+10.3%
	%Change4Q21	-5.4%	+26.1%	+47.4%	+12.3%	+65.4%	+8.0%
Cost of Risk		-394	-7	-2	-402	-54	-456
	%Change1Q21	-40.8%	+36.2%	-99.1%	-52.2%	+0.0%	-49.1%
	%Change4Q21	-34.1%	n.s.	n.s.	-21.2%	n.s.	-10.6%
Operating Income		**1,669**	**592**	**1,347**	**3,608**	**-499**	**3,109**
	%Change1Q21	+52.5%	-6.4%	n.s.	+51.0%	n.s.	+33.1%
	%Change4Q21	+5.4%	+22.8%	+35.4%	+17.9%	+85.6%	+11.4%
Share of Earnings of Equity-Method Entities		86	52	4	142	23	165
Other Non Operating Items		6	39	1	46	-43	3
Pre-Tax Income		**1,761**	**683**	**1,353**	**3,796**	**-519**	**3,277**
	%Change1Q21	+58.7%	-11.7%	+98.1%	+47.9%	n.s.	+16.1%
	%Change4Q21	+6.8%	+27.1%	+34.9%	+19.1%	n.s.	+3.4%

€m		Commercial, Personal Banking and Services (2/3 of Private Banking)	Investment and Protection Services	CIB	Operating Divisions	Others activities	Group
Revenues		**6,800**	**1,650**	**4,702**	**13,152**	**66**	**13,218**
	1Q21	6,263	1,652	3,670	11,585	243	11,829
	4Q21	6,334	1,639	3,264	11,237	-5	11,232
Operating Expenses and Dep.		-4,738	-1,051	-3,353	-9,142	-511	-9,653
	1Q21	-4,504	-1,015	-2,834	-8,353	-244	-8,597
	4Q21	-4,153	-1,164	-2,348	-7,666	-264	-7,930
Gross Operating Income		**2,062**	**599**	**1,349**	**4,010**	**-445**	**3,565**
	1Q21	1,759	638	836	3,232	**0**	3,232
	4Q21	2,181	475	915	3,571	**-269**	3,302
Cost of Risk		-394	-7	-2	-402	-54	-456
	1Q21	-665	-5	-172	-842	-54	-896
	4Q21	-597	7	80	-510	0	-510
Operating Income		**1,669**	**592**	**1,347**	**3,608**	**-499**	**3,109**
	1Q21	1,094	633	664	2,390	**-54**	2,336
	4Q21	1,583	482	996	3,061	**-269**	2,792
Share of Earnings of Equity-Method Entities		86	52	4	142	23	165
	1Q21	51	44	9	104	20	124
	4Q21	70	57	6	134	4	138
Other Non Operating Items		6	39	1	46	-43	3
	1Q21	-36	97	11	72	292	363
	4Q21	-5	-3	1	-7	247	240
Pre-Tax Income		**1,761**	**683**	**1,353**	**3,796**	**-519**	**3,277**
	1Q21	1,110	774	683	2,566	**257**	2,823
	4Q21	1,648	537	1,003	3,188	**-18**	**3,170**
Corporate Income Tax							-1,047
Net Income Attributable to Minority Interests							-122
Net Income Attributable to Equity Holders							**2,108**

QUARTERLY SERIES

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Group					
Revenues	**13,218**	**11,232**	**11,398**	**11,776**	**11,829**
Incl. Interest Income	*5,734*	*5,169*	*5,218*	*5,370*	*5,452*
Incl. Commissions	*2,637*	*2,919*	*2,603*	*2,640*	*2,555*
Operating Expenses and Dep.	-9,653	-7,930	-7,412	-7,172	-8,597
Gross Operating Income	**3,565**	**3,302**	**3,986**	**4,604**	**3,232**
Cost of Risk	-456	-510	-706	-813	-896
Operating Income	**3,109**	**2,792**	**3,280**	**3,791**	**2,336**
Share of Earnings of Equity-Method Entities	165	138	131	101	124
Other Non Operating Items	3	240	39	302	363
Non Operating Items	**168**	**378**	**170**	**403**	**487**
Pre-Tax Income	**3,277**	**3,170**	**3,450**	**4,194**	**2,823**
Corporate Income Tax	-1,047	-759	-836	-1,193	-969
Net Income Attributable to Minority Interests	-122	-105	-111	-90	-86
Net Income Attributable to Equity Holders	**2,108**	**2,306**	**2,503**	**2,911**	**1,768**

Cost/income	**73.0%**	**70.6%**	**65.0%**	**60.9%**	**72.7%**
Average loan oustandings (€bn)	828.3	806.4	793.5	787.9	781.9
Average deposits (€bn)	824.7	809.3	796.2	785.4	770.2
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	903.8	883.0	873.9	866.8	846.9
Cost of risk (in annualised bp)	20	23	32	38	42

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking and Services (including 100% of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the United States and Germany)[1]					
Revenues	**6,979**	**6,506**	**6,485**	**6,467**	**6,430**
Operating Expenses and Dep.	-4,848	-4,252	-4,046	-4,001	-4,609
Gross Operating Income	2,131	2,253	2,439	2,466	1,821
Cost of Risk	-401	-597	-639	-694	-668
Operating Income	**1,730**	**1,657**	**1,800**	**1,771**	**1,154**
Share of Earnings of Equity-Method Entities	86	70	92	73	51
Other Non Operating Items	6	-5	104	-10	-36
Pre-Tax Income	**1,822**	**1,722**	**1,996**	**1,834**	**1,169**
Income Attributable to Wealth and Asset Management	-61	-74	-70	-71	-60
Pre-Tax Income of Commercial, Personal Banking and Services	**1,761**	**1,648**	**1,926**	**1,763**	**1,110**
Cost/Income	**69.5%**	**65.4%**	**62.4%**	**61.9%**	**71.7%**
Average loan oustandings (€bn)	651	636	628	624	622
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	643	633	630	624	625
Average deposits (€bn)	634	624	612	600	586
Cost of risk (in annualised bp)	25	38	41	44	43
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the United States and Germany)	44.9	43.3	43.3	43.5	43.8
RWA (€bn)	422.3	402.8	395.6	393.7	395.3

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking and Services (including 2/3 of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the United States and Germany)					
Revenues	**6,800**	**6,334**	**6,321**	**6,298**	**6,263**
Operating Expenses and Dep.	-4,738	-4,153	-3,954	-3,912	-4,504
Gross Operating Income	**2,062**	**2,181**	**2,367**	**2,386**	**1,759**
Cost of Risk	-394	-597	-638	-686	-665
Operating Income	**1,669**	**1,583**	**1,729**	**1,700**	**1,094**
Share of Earnings of Equity-Method Entities	86	70	92	73	51
Other Non Operating Items	6	-5	104	-10	-36
Pre-Tax Income of Commercial, Personal Banking and Services	**1,761**	**1,648**	**1,926**	**1,763**	**1,110**
Cost/Income	**69.7%**	**65.6%**	**62.5%**	**62.1%**	**71.9%**
Allocated Equity (€bn, year to date)	44.9	43.3	43.3	43.5	43.8
RWA (€bn)	418.1	398.9	391.8	389.9	391.7

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking (including 100% of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey and the United States)[1]					
Revenues	**4,575**	**4,318**	**4,379**	**4,297**	**4,257**
Incl. net interest income	*2,984*	*2,745*	*2,873*	*2,763*	*2,798*
Incl. fees	*1,590*	*1,574*	*1,507*	*1,534*	*1,459*
Operating Expenses and Dep.	-3,575	-3,071	-2,959	-2,861	-3,402
Gross Operating Income	**1,000**	**1,247**	**1,420**	**1,437**	**855**
Cost of Risk	-43	-219	-280	-316	-313
Operating Income	**957**	**1,028**	**1,140**	**1,121**	**542**
Share of Earnings of Equity-Method Entities	70	48	76	78	37
Other Non Operating Items	6	-12	68	-1	-36
Pre-Tax Income	**1,033**	**1,064**	**1,283**	**1,198**	**542**
Income Attributable to Wealth and Asset Management	-61	-73	-70	-71	-59
Pre-Tax Income of Commercial, Personal Banking	**972**	**991**	**1,214**	**1,127**	**483**
Cost/Income	**78.1%**	**71.1%**	**67.6%**	**66.6%**	**79.9%**
Average loan oustandings (€bn)	510	496	491	486	486
Loan outstandings at the beginning of the quarter (€bn) (used for cost of risk in bp)	525	517	512	508	508
Average deposit (€bn)	604	594	584	573	560
Cost of risk (in annualised bp)	3	17	22	25	25
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey and the United States)	33.5	32.0	31.9	32.0	32.4
RWA (€bn)	315.5	300.5	294.9	291.9	291.3

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking (including 2/3 of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey and the United States)					
Revenues	**4,398**	**4,149**	**4,217**	**4,131**	**4,092**
Operating Expenses and Dep.	-3,466	-2,974	-2,868	-2,773	-3,299
Gross Operating Income	**932**	**1,174**	**1,349**	**1,358**	**793**
Cost of Risk	-36	-219	-279	-308	-310
Operating Income	**896**	**955**	**1,070**	**1,050**	**483**
Share of Earnings of Equity-Method Entities	70	48	76	78	37
Other Non Operating Items	6	-12	68	-1	-37
Pre-Tax Income of Commercial, Personal Banking	**972**	**991**	**1,214**	**1,127**	**483**
Cost/Income	**78.8%**	**71.7%**	**68.0%**	**67.1%**	**80.6%**
Allocated Equity (€bn, year to date)	33.5	32.0	31.9	32.0	32.4
RWA (€bn)	311.3	296.6	291.1	288.2	287.7

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in the Eurozone (including 100% of Private Banking in France, Italy, Belgium and Luxembourg)[1]					
Revenues	**3,317**	**3,243**	**3,280**	**3,246**	**3,116**
Incl. net interest income	*1,947*	*1,922*	*1,979*	*1,921*	*1,861*
Incl. fees	*1,370*	*1,321*	*1,302*	*1,325*	*1,255*
Operating Expenses and Dep.	-2,678	-2,220	-2,151	-2,061	-2,557
Gross Operating Income	**640**	**1,023**	**1,129**	**1,185**	**559**
Cost of Risk	-198	-211	-288	-249	-281
Operating Income	**442**	**812**	**841**	**936**	**277**
Share of Earnings of Equity-Method Entities	0	1	5	1	-3
Other Non Operating Items	6	-15	60	3	3
Pre-Tax Income	**448**	**799**	**906**	**940**	**278**
Income Attributable to Wealth and Asset Management	-50	-64	-63	-64	-50
Pre-Tax Income of Commercial, Personal Banking in the Eurozone	**397**	**735**	**843**	**876**	**228**
Cost/Income	**80.7%**	**68.5%**	**65.6%**	**63.5%**	**82.1%**
Average loan oustandings (€bn)	425	412	407	404	402
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	437	430	427	421	421
Average deposits (€bn)	492	481	473	465	456
Cost of risk (in annualised bp)	18	20	27	24	27
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France, Belgium, Italy and Luxembourg)	23.2	22.0	22.0	22.0	22.2
RWA (€bn)	218.8	207.2	201.7	201.3	201.5

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in the Eurozone (including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg)					
Revenues	**3,164**	**3,096**	**3,138**	**3,099**	**2,971**
Operating Expenses and Dep.	-2,583	-2,136	-2,073	-1,986	-2,465
Gross Operating Income	**582**	**960**	**1,065**	**1,113**	**506**
Cost of Risk	-191	-212	-287	-241	-278
Operating Income	**391**	**748**	**778**	**872**	**227**
Share of Earnings of Equity-Method Entities	0	1	5	1	-3
Other Non Operating Items	6	-15	60	3	3
Pre-Tax Income of Commercial, Personal Banking in the Eurozone	**397**	**735**	**843**	**876**	**228**
Cost/Income	**81.6%**	**69.0%**	**66.1%**	**64.1%**	**83.0%**
Allocated Equity (€bn, year to date)	23.2	22.0	22.0	22.0	22.2
RWA (€bn)	214.7	203.4	198.0	197.6	197.9

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in France (including 100% of Private Banking in France)[1]					
Revenues	**1,613**	**1,608**	**1,574**	**1,607**	**1,481**
Incl. net interest income	*847*	*884*	*859*	*860*	*797*
Incl. fees	*766*	*724*	*714*	*747*	*684*
Operating Expenses and Dep.	-1,239	-1,178	-1,129	-1,075	-1,175
Gross Operating Income	**374**	**430**	**444**	**532**	**306**
Cost of Risk	-93	-99	-115	-101	-125
Operating Income	**281**	**331**	**329**	**431**	**181**
Share of Earnings of Equity-Method Entities	0	0	0	-2	0
Other Non Operating Items	0	-15	54	0	0
Pre-Tax Income	**282**	**316**	**383**	**429**	**181**
Income Attributable to Wealth and Asset Management	-31	-35	-34	-30	-28
Pre-Tax Income of Commercial, Personal Banking in France	**250**	**280**	**349**	**399**	**153**
Cost/Income	**76.8%**	**73.3%**	**71.8%**	**66.9%**	**79.3%**
Average loan oustandings (€bn)	203	201	200	199	198
Loan outstandings at the beginning of the quarter (€bn) (used for cost of risk in bp)	218	215	216	213	213
Average deposits (€bn)	240	241	237	231	226
Cost of risk (in annualised bp)	17	19	21	19	24
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in France)	10.6	10.6	10.7	10.8	10.8
RWA (€bn)	103.2	98.0	96.4	97.1	99.6

Reminder on PEL/CEL provision: this provision, accounted in the FRB's revenues, takes into account the risk generated by Plans Epargne Logement (PEL) and Comptes Epargne Logement (CEL) during their whole lifetime.

€m	1Q22	4Q21	3Q21	2Q21	1Q21
PEL/CEL effects 100% of PB in France	11	6	3	19	1

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in France (including 2/3 of Private Banking in France)					
Revenues	**1,531**	**1,530**	**1,499**	**1,531**	**1,406**
Operating Expenses and Dep.	-1,195	-1,136	-1,091	-1,036	-1,132
Gross Operating Income	**336**	**395**	**408**	**495**	**274**
Cost of Risk	-86	-100	-113	-94	-121
Operating Income	**250**	**295**	**295**	**401**	**153**
Non Operating Items	0	-15	54	-2	1
Pre-Tax Income of Commercial, Personal Banking in France	**250**	**280**	**349**	**399**	**153**
Cost/Income	**78.0%**	**74.2%**	**72.8%**	**67.7%**	**80.5%**
Allocated Equity (€bn, year to date)	10.6	10.6	10.7	10.8	10.8
RWA (€bn)	100.4	95.5	93.9	94.6	97.2

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
BNL bc (Including 100% of Private Banking in Italy)[1]					
Revenues	**654**	**668**	**667**	**669**	**676**
Incl. net interest income	*380*	*370*	*385*	*387*	*398*
Incl. fees	*274*	*298*	*282*	*283*	*278*
Operating Expenses and Dep.	-454	-438	-449	-435	-458
Gross Operating Income	**201**	**230**	**218**	**235**	**217**
Cost of Risk	-128	-143	-130	-105	-110
Operating Income	**73**	**87**	**88**	**130**	**107**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	0	0	0	0	0
Pre-Tax Income	**73**	**87**	**88**	**130**	**107**
Income Attributable to Wealth and Asset Management	-8	-9	-8	-10	-9
Pre-Tax Income of Commercial, Personal Banking in Italy	**65**	**78**	**80**	**120**	**98**
Cost/Income	**69.3%**	**65.6%**	**67.3%**	**64.9%**	**67.9%**
Average loan outstandings (€bn)	79	78	77	76	77
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	82	80	78	77	79
Average deposits (€bn)	63	62	59	59	58
Cost of risk (in annualised bp)	63	71	67	54	56
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Italy)	5.9	5.3	5.3	5.3	5.5
RWA (€bn)	49.8	49.1	49.2	48.2	47.7

€m	1Q22	4Q21	3Q21	2Q21	1Q21
BNL bc (Including 2/3 of Private Banking in Italy)					
Revenues	**633**	**645**	**645**	**647**	**654**
Operating Expenses and Dep.	-440	-424	-435	-422	-445
Gross Operating Income	**193**	**222**	**210**	**225**	**208**
Cost of Risk	-128	-143	-130	-104	-110
Operating Income	**65**	**78**	**80**	**120**	**98**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	0	0	0	0	0
Pre-Tax Income of Commercial, Personal Banking in Italy	**65**	**78**	**80**	**120**	**98**
Cost/Income	**69.5%**	**65.7%**	**67.4%**	**65.2%**	**68.1%**
Allocated Equity (€bn, year to date)	5.9	5.3	5.3	5.3	5.5
RWA (€bn)	49.3	48.7	48.8	47.8	47.3

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in Belgium (Including 100% of Private Banking in Belgium)[1]					
Revenues	**935**	**854**	**933**	**864**	**858**
Incl. net interest income	*632*	*581*	*649*	*589*	*585*
Incl. fees	*303*	*273*	*284*	*275*	*274*
Operating Expenses and Dep.	-905	-540	-511	-488	-845
Gross Operating Income	**30**	**314**	**422**	**376**	**14**
Cost of Risk	17	28	-36	-45	-47
Operating Income	**47**	**342**	**386**	**331**	**-33**
Share of Earnings of Equity-Method Entities	0	2	5	2	-3
Other Non Operating Items	4	1	6	4	3
Pre-Tax Income	**52**	**344**	**397**	**337**	**-33**
Income Attributable to Wealth and Asset Management	-10	-18	-20	-22	-12
Pre-Tax Income of Commercial, Personal Banking in Belgium	**42**	**326**	**377**	**315**	**-45**
Cost/Income	**96.8%**	**63.3%**	**54.8%**	**56.5%**	**98.4%**
Average loan oustandings (€bn)	131	120	119	116	115
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	125	122	120	118	118
Average deposits (€bn)	161	149	149	149	146
Cost of risk (in annualised bp)	-6	-9	12	15	16
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Belgium)	5.9	5.3	5.2	5.2	5.2
RWA (€bn)	58.4	53.1	49.4	49.1	47.5

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in Belgium (Including 2/3 of Private Banking in Belgium)					
Revenues	**890**	**810**	**890**	**819**	**813**
Operating Expenses and Dep.	-870	-514	-486	-466	-811
Gross Operating Income	**20**	**296**	**403**	**353**	**3**
Cost of Risk	18	28	-37	-44	-48
Operating Income	**38**	**324**	**367**	**309**	**-45**
Share of Earnings of Equity-Method Entities	0	2	5	2	-3
Other Non Operating Items	4	1	6	4	3
Pre-Tax Income of Commercial, Personal Banking in Belgium	**42**	**326**	**377**	**315**	**-45**
Cost/Income	**97.8%**	**63.4%**	**54.7%**	**56.9%**	**99.7%**
Allocated Equity (€bn, year to date)	5.9	5.3	5.2	5.2	5.2
RWA (€bn)	57.6	52.4	48.7	48.4	46.8

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in Luxembourg (Including 100% of Private Banking)[1]					
Revenues	**115**	**113**	**107**	**106**	**101**
Incl. net interest income	*88*	*87*	*86*	*85*	*81*
Incl. fees	*27*	*26*	*21*	*21*	*20*
Operating Expenses and Dep.	-80	-64	-62	-64	-79
Gross Operating Income	**35**	**49**	**45**	**42**	**22**
Cost of Risk	5	3	-7	1	1
Operating Income	**40**	**52**	**38**	**43**	**23**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	2	0	0	0	0
Pre-Tax Income	**42**	**52**	**38**	**43**	**23**
Income Attributable to Wealth and Asset Management	-2	-2	-2	-1	-1
Pre-Tax Income of Commercial, Personal Banking in Luxembourg	**40**	**50**	**37**	**42**	**21**
Cost/Income	**69.8%**	**56.3%**	**58.1%**	**60.2%**	**78.2%**
Average loan oustandings (€bn)	13	12	12	12	12
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	13	12	12	12	12
Average deposits (€bn)	29	29	28	27	27
Cost of risk (in annualised bp)	-17	-10	23	-3	-2
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Luxembourg)	0.8	0.7	0.7	0.7	0.7
RWA (€bn)	7.5	6.8	6.6	6.8	6.7

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in Luxembourg (Including 2/3 of Private Banking)					
Revenues	**111**	**110**	**104**	**103**	**97**
Operating Expenses and Dep.	-78	-62	-61	-62	-77
Gross Operating Income	**33**	**48**	**43**	**41**	**21**
Cost of Risk	5	3	-7	1	1
Operating Income	**38**	**51**	**36**	**42**	**21**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	2	0	0	0	0
Pre-Tax Income of Commercial, Personal Banking in Luxembourg	**40**	**50**	**37**	**42**	**21**
Cost/Income	**70.4%**	**56.5%**	**58.2%**	**60.4%**	**78.9%**
Allocated Equity (€bn, year to date)	0.8	0.7	0.7	0.7	0.7
RWA (€bn)	7.4	6.8	6.6	6.8	6.7

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in the rest of the world (including 100% of Private Banking in Poland, Turkey and the United States)[1]					
Revenues	**1,258**	**1,075**	**1,099**	**1,052**	**1,141**
Incl. net interest income	*1,037*	*822*	*894*	*842*	*938*
Incl. fees	*221*	*253*	*205*	*209*	*204*
Operating Expenses and Dep.	-897	-851	-808	-799	-845
Gross Operating Income	**361**	**224**	**291**	**252**	**297**
Cost of Risk	154	-8	8	-67	-32
Operating Income	**515**	**216**	**299**	**185**	**265**
Share of Earnings of Equity-Method Entities	70	46	71	77	40
Other Non Operating Items	0	2	8	-4	-40
Pre-Tax Income	**585**	**265**	**378**	**258**	**265**
Income Attributable to Wealth and Asset Management	-10	-9	-7	-7	-9
Pre-Tax Income of Commercial, Personal Banking in the rest of the world	**575**	**256**	**371**	**251**	**255**
Cost/Income	**71.3%**	**79.2%**	**73.5%**	**76.0%**	**74.0%**
Average loan oustandings (€bn)	85	84	83	83	84
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	87	87	86	87	87
Average deposits (€bn)	112	113	111	108	105
Cost of risk (in annualised bp)	-71	4	-4	31	15
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Poland, Turkey and the United States)	10.3	10.0	10.0	10.0	10.2
RWA (€bn, year to date)	96.8	93.4	93.2	90.7	89.8

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Commercial, Personal Banking in the rest of the world (including 2/3 of Private Banking in Poland, Turkey and the United States)					
Revenues	**1,234**	**1,053**	**1,080**	**1,032**	**1,122**
Operating Expenses and Dep.	-883	-839	-795	-787	-834
Gross Operating Income	**351**	**214**	**284**	**245**	**288**
Cost of Risk	154	-8	8	-67	-32
Operating Income	**505**	**207**	**292**	**178**	**255**
Share of Earnings of Equity-Method Entities	70	46	71	77	40
Other Non Operating Items	0	2	8	-4	-40
Pre-Tax Income of Commercial, Personal Banking in the rest of the world	**575**	**256**	**371**	**251**	**255**
Cost/Income	**71.6%**	**79.6%**	**73.7%**	**76.3%**	**74.3%**
Allocated Equity (€bn, year to date)	10.3	10.0	10.0	10.0	10.2
RWA (€bn)	96.7	93.2	93.1	90.6	89.8

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Europe-Mediterranean (Including 100% of Private Banking in Poland and Turkey)[1]					
Revenues	**639**	**449**	**511**	**464**	**516**
Incl. net interest income	*518*	*320*	*401*	*349*	*399*
Incl. fees	*121*	*129*	*109*	*115*	*117*
Operating Expenses and Dep.	-422	-395	-383	-394	-435
Gross Operating Income	**217**	**54**	**128**	**71**	**82**
Cost of Risk	-39	-32	-15	-58	-39
Operating Income	**178**	**22**	**113**	**12**	**43**
Share of Earnings of Equity-Method Entities	70	46	71	77	40
Other Non Operating Items	0	-3	-1	-7	-41
Pre-Tax Income	**248**	**65**	**183**	**82**	**41**
Income Attributable to Wealth and Asset Management	-3	-2	-1	-2	-3
Pre-Tax Income of Europe-Mediterranean	**245**	**63**	**182**	**80**	**39**
Cost/Income	**66.1%**	**87.9%**	**74.9%**	**84.8%**	**84.2%**
Average loan oustandings (€bn)	34	34	35	34	34
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	37	38	37	36	37
Average deposits (€bn)	40	41	41	40	39
Cost of risk (in annualised bp)	43	34	17	65	42
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Poland and Turkey)	5.1	5.0	5.0	5.0	5.1
RWA (€bn)	48.4	46.5	47.6	45.9	44.5

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Europe-Mediterranean (Including 2/3 of Private Banking in Poland and Turkey)					
Revenues	**634**	**445**	**508**	**461**	**512**
Operating Expenses and Dep.	-420	-393	-381	-392	-433
Gross Operating Income	**214**	**52**	**127**	**69**	**80**
Cost of Risk	-39	-32	-15	-58	-39
Operating Income	**174**	**20**	**112**	**10**	**41**
Share of Earnings of Equity-Method Entities	70	46	71	77	40
Other Non Operating Items	0	-3	-1	-7	-41
Pre-Tax Income of Europe-Mediterranean	**245**	**63**	**182**	**80**	**39**
Cost/Income	**66.3%**	**88.3%**	**75.0%**	**85.1%**	**84.5%**
Allocated Equity (€bn, year to date)	5.1	5.0	5.0	5.0	5.1
RWA (€bn)	48.4	46.5	47.6	45.9	44.5

€m	1Q22	4Q21	3Q21	2Q21	1Q21
BancWest (Including 100% of Private Banking in United States)[1]					
Revenues	**619**	**626**	**588**	**587**	**625**
Incl. net interest income	*519*	*502*	*493*	*493*	*538*
Incl. fees	*100*	*124*	*96*	*94*	*87*
Operating Expenses and Dep.	-475	-457	-425	-406	-410
Gross Operating Income	**144**	**169**	**163**	**182**	**215**
Cost of Risk	194	24	23	-8	7
Operating Income	**337**	**194**	**186**	**173**	**222**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	0	6	9	3	2
Pre-Tax Income	**337**	**199**	**195**	**176**	**223**
Income Attributable to Wealth and Asset Management	-7	-7	-6	-5	-7
Pre-Tax Income of BancWest	**330**	**192**	**189**	**171**	**216**
Cost/Income	**76.8%**	**73.0%**	**72.3%**	**69.1%**	**65.6%**
Average loan oustandings (€bn)	51	50	49	49	50
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	51	49	49	51	50
Average deposits (€bn)	72	72	71	68	65
Cost of risk (in annualised bp)	-153	-20	-19	7	-5
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in the United States)	5.2	5.0	4.9	5.0	5.0
RWA (€bn)	48.3	46.8	45.5	44.8	45.3

€m	1Q22	4Q21	3Q21	2Q21	1Q21
BancWest (Including 2/3 of Private Banking in United States)					
Revenues	**600**	**608**	**572**	**571**	**609**
Operating Expenses and Dep.	-463	-446	-415	-395	-401
Gross Operating Income	**137**	**162**	**157**	**176**	**208**
Cost of Risk	194	24	23	-8	7
Operating Income	**331**	**187**	**180**	**168**	**215**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	0	6	9	3	2
Pre-Tax Income of BancWest	**330**	**192**	**189**	**171**	**216**
Cost/Income	**77.2%**	**73.3%**	**72.5%**	**69.1%**	**65.8%**
Allocated Equity (€bn, year to date)	5.2	5.0	4.9	5.0	5.0
RWA (€bn)	48.2	46.7	45.4	44.7	45.3

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Specialised businesses (Personal Finance, Arval & Leasing Solutions, New Digital Businesses & Personal Investors including 100% of Private Banking in Germany)[1]					
Revenues	**2,404**	**2,187**	**2,106**	**2,169**	**2,173**
Operating Expenses and Dep.	-1,274	-1,181	-1,087	-1,141	-1,207
Gross Operating Income	**1,130**	**1,007**	**1,019**	**1,029**	**966**
Cost of Risk	-357	-378	-359	-378	-354
Operating Income	**773**	**629**	**660**	**650**	**612**
Share of Earnings of Equity-Method Entities	16	22	17	-4	15
Other Non Operating Items	0	7	36	-9	1
Pre-Tax Income	**789**	**658**	**712**	**637**	**627**
Income Attributable to Wealth and Asset Management	-1	-1	0	0	-1
Pre-Tax Income of the specialised businesses	**789**	**658**	**712**	**636**	**626**
Cost/Income	**53.0%**	**54.0%**	**51.6%**	**52.6%**	**55.5%**
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	118	116	117	117	117
Cost of risk (in annualised bp)	121	130	122	130	121
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Germany)	11.4	11.3	11.4	11.5	11.4
RWA (€bn)	106.8	102.3	100.7	101.7	104.0

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Personal Finance					
Revenues	**1,388**	**1,294**	**1,271**	**1,319**	**1,332**
Operating Expenses and Dep.	-776	-710	-644	-700	-750
Gross Operating Income	**612**	**584**	**627**	**619**	**581**
Cost of Risk	-315	-346	-303	-344	-321
Operating Income	**297**	**238**	**324**	**276**	**260**
Share of Earnings of Equity-Method Entities	14	22	16	-2	16
Other Non Operating Items	0	-2	36	-9	1
Pre-Tax Income	**312**	**258**	**376**	**264**	**277**
Cost/Income	**55.9%**	**54.9%**	**50.7%**	**53.1%**	**56.4%**
Average Total consolidated outstandings (€bn)	93	91	90	91	91
Loan outstandings at the beginning of the quarter (used for cost of risk in bp)	94	93	94	93	93
Cost of risk (in annualised bp)	134	150	130	147	138
Allocated Equity (€bn, year to date)	7.7	7.7	7.8	7.8	7.8
RWA (€bn)	72.4	69.5	68.4	70.0	71.5

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Arval & Leasing Solutions					
Revenues	**811**	**709**	**658**	**670**	**639**
Operating Expenses and Dep.	-366	-328	-314	-319	-338
Gross Operating Income	**445**	**381**	**344**	**350**	**301**
Cost of Risk	-30	-30	-54	-34	-32
Operating Income	**415**	**351**	**291**	**317**	**269**
Share of Earnings of Equity-Method Entities	4	3	3	1	2
Other Non Operating Items	0	0	0	0	0
Pre-Tax Income	**419**	**353**	**293**	**317**	**271**
Cost/Income	**45.1%**	**46.2%**	**47.7%**	**47.7%**	**52.9%**
Allocated Equity (€bn, year to date)	3.3	3.2	3.2	3.3	3.3
RWA (€bn)	29.5	29.3	28.9	28.2	29.0
Total consolidated outstandings (€bn)	48	47	46	46	45
Financed fleet ('000 of vehicles)	1,484	1,470	1,441	1,417	1,393

€m	1Q22	4Q21	3Q21	2Q21	1Q21
New Digital Businesses & Personal Investors (including 100% of Private Banking in Germany)[1]					
Revenues	**205**	**184**	**177**	**180**	**203**
Operating Expenses and Dep.	-132	-143	-130	-122	-119
Gross Operating Income	**73**	**41**	**47**	**59**	**84**
Cost of Risk	-12	-1	-1	-1	-2
Operating Income	**61**	**40**	**46**	**58**	**82**
Share of Earnings of Equity-Method Entities	-3	-3	-2	-3	-3
Other Non Operating Items	0	9	0	0	0
Pre-Tax Income	**58**	**47**	**43**	**55**	**79**
Income Attributable to Wealth and Asset Management	-1	-1	0	0	-1
Pre-Tax Income of the New Digital Businesses & Personal Investors	**58**	**46**	**43**	**54**	**79**
Cost/Income	**64.4%**	**77.6%**	**73.4%**	**67.5%**	**58.6%**
Allocated Equity (€bn, year to date; including 2/3 of Private Banking in Germany)	0.4	0.4	0.4	0.3	0.3
RWA (€bn)	4.9	3.5	3.4	3.4	3.5
Average Loans personal Investors (€bn)	1	1	1	1	1
Average deposits personal Investors (€bn)	30	30	28	27	26
AUM Personal Investors in €bn	162	163	161	157	146
European Customer Orders (millions)	13.0	11.8	10.7	10.0	12.4

1. Including 100% of Private Banking for the Revenues to Pre-tax income items

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Investment & Protection Services					
Revenues	**1,650**	**1,639**	**1,498**	**1,686**	**1,652**
Operating Expenses and Dep.	-1,051	-1,164	-1,038	-1,001	-1,015
Gross Operating Income	**599**	**475**	**461**	**684**	**638**
Cost of Risk	-7	7	-6	-3	-5
Operating Income	**592**	**482**	**455**	**681**	**633**
Share of Earnings of Equity-Method Entities	52	57	17	38	44
Other Non Operating Items	39	-3	-4	2	97
Pre-Tax Income	**683**	**537**	**468**	**721**	**774**
Cost/Income	**63.7%**	**71.0%**	**69.3%**	**59.4%**	**61.4%**
Asset Under Management (€bn) with 100% of PB in France, Belgium, Italy, Luxembourg, Poland, Turkey, the US and in Germany	1,244	1,277	1,220	1,205	1,174
Allocated Equity (€bn, year to date)	9.9	12.0	11.8	11.6	11.5
RWA (€bn)	48.8	51.3	50.2	50.5	51.4

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Insurance					
Revenues	**721**	**655**	**613**	**767**	**792**
Operating Expenses and Dep.	-384	-410	-376	-367	-383
Gross Operating Income	**337**	**245**	**237**	**399**	**409**
Cost of Risk	0	-1	0	-1	0
Operating Income	**337**	**244**	**237**	**399**	**409**
Share of Earnings of Equity-Method Entities	36	30	-2	25	33
Other Non Operating Items	1	-2	-4	0	0
Pre-Tax Income	**373**	**272**	**231**	**424**	**442**
Cost/Income	**53.3%**	**62.6%**	**61.3%**	**47.9%**	**48.3%**
Asset Under Management (€bn)	270	282	277	274	268
Allocated Equity (€bn, year to date)	7.2	9.4	9.2	9.1	9.0
RWA (€bn)	23.2	26.4	26.5	26.5	28.6

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Wealth and Asset Management					
Revenues	**929**	**984**	**885**	**919**	**861**
Operating Expenses and Dep.	-667	-754	-662	-634	-632
Gross Operating Income	**262**	**230**	**223**	**285**	**229**
Cost of Risk	-7	8	-5	-2	-5
Operating Income	**255**	**238**	**218**	**282**	**223**
Share of Earnings of Equity-Method Entities	16	28	19	13	12
Other Non Operating Items	38	0	0	2	96
Pre-Tax Income	**310**	**265**	**237**	**297**	**331**
Cost/Income	**71.8%**	**76.6%**	**74.8%**	**69.0%**	**73.4%**
Asset Under Management (€bn) with 100% of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the US and in Germany	974	995	944	930	906
Allocated Equity (€bn, year to date)	2.8	2.6	2.6	2.5	2.5
RWA (€bn)	25.5	24.8	23.6	23.9	22.7

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Wealth Management					
Revenues	**389**	**365**	**375**	**369**	**367**
Operating Expenses and Dep.	-311	-290	-280	-270	-294
Gross Operating Income	**78**	**75**	**95**	**99**	**73**
Cost of Risk	-7	1	-2	-6	-4
Operating Income	**71**	**77**	**93**	**93**	**69**
Share of Earnings of Equity-Method Entities	0	0	0	0	0
Other Non Operating Items	0	0	0	1	0
Pre-Tax Income	**71**	**77**	**93**	**94**	**69**
Cost/Income	**79.9%**	**79.3%**	**74.7%**	**73.1%**	**80.1%**
Asset Under Management (€bn) with 100% of Private Banking in France, Belgium, Italy, Luxembourg, Poland, Turkey, the US and in Germany	421	427	412	411	403
Allocated Equity (€bn, year to date)	1.3	1.2	1.3	1.3	1.3
RWA (€bn)	12.4	11.9	11.2	11.4	11.4

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Asset Management (including Real Estate & Principal Investment)					
Revenues	**540**	**619**	**510**	**550**	**494**
Operating Expenses and Dep.	-356	-464	-381	-364	-338
Gross Operating Income	**184**	**155**	**128**	**186**	**156**
Cost of Risk	1	6	-4	3	-1
Operating Income	**185**	**161**	**125**	**189**	**155**
Share of Earnings of Equity-Method Entities	16	28	19	13	12
Other Non Operating Items	38	0	0	1	96
Pre-Tax Income	**239**	**189**	**144**	**203**	**262**
Cost/Income	**65.9%**	**75.0%**	**74.8%**	**66.2%**	**68.4%**
Asset Under Management (€bn)	553	568	532	519	503
Allocated Equity (€bn, year to date)	1.5	1.3	1.3	1.3	1.2
RWA (€bn)	13.2	12.9	12.4	12.5	11.3

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Corporate and Institutional Banking					
Revenues	**4,702**	**3,264**	**3,588**	**3,714**	**3,670**
Operating Expenses and Dep.	-3,353	-2,348	-2,243	-2,042	-2,834
Gross Operating Income	**1,349**	**915**	**1,346**	**1,672**	**836**
Cost of Risk	-2	80	-24	-57	-172
Operating Income	**1,347**	**996**	**1,322**	**1,615**	**664**
Share of Earnings of Equity-Method Entities	4	6	9	10	9
Other Non Operating Items	1	1	0	12	11
Pre-Tax Income	**1,353**	**1,003**	**1,331**	**1,637**	**683**
Cost/Income	**71.3%**	**72.0%**	**62.5%**	**55.0%**	**77.2%**
Allocated Equity (€bn, year to date)	27.4	26.2	25.8	25.3	25.0
RWA (€bn)	256.2	234.8	236.7	231.8	224.9

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Global Banking					
Revenues	**1,268**	**1,324**	**1,282**	**1,238**	**1,243**
Operating Expenses and Dep.	-815	-655	-640	-589	-768
Gross Operating Income	**453**	**669**	**642**	**649**	**475**
Cost of Risk	20	72	-24	-64	-185
Operating Income	**473**	**741**	**618**	**585**	**290**
Share of Earnings of Equity-Method Entities	1	1	1	9	6
Other Non Operating Items	0	-1	-3	0	0
Pre-Tax Income	**474**	**740**	**616**	**594**	**296**
Cost/Income	**64.3%**	**49.5%**	**49.9%**	**47.6%**	**61.8%**
Average loan oustandings (€bn)	168	161	156	154	149
Loan outstandings at the beginning of the quarter (€bn) (used for cost of risk in bp)	163	156	153	154	145
Average deposit (€bn)	190	185	184	185	184
Cost of risk (in annualised bp)	-5	-18	6	17	51
Allocated Equity (€bn, year to date)	15.2	14.3	14.0	13.5	13.6
RWA (€bn)	145.3	133.8	137.4	134.5	124.0

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Global Markets					
Revenues	**2,821**	**1,338**	**1,731**	**1,904**	**1,846**
incl. FICC	*1,700*	*755*	*896*	*1,148*	*1,149*
incl. Equity & Prime Services	*1,121*	*583*	*835*	*757*	*697*
Operating Expenses and Dep.	-2,000	-1,224	-1,137	-999	-1,564
Gross Operating Income	**821**	**115**	**594**	**905**	**282**
Cost of Risk	-21	10	-2	5	14
Operating Income	**799**	**124**	**592**	**910**	**296**
Share of Earnings of Equity-Method Entities	2	5	2	5	2
Other Non Operating Items	1	-5	4	2	3
Pre-Tax Income	**802**	**125**	**598**	**917**	**302**
Cost/Income	**70.9%**	**91.4%**	**65.7%**	**52.5%**	**84.7%**
Allocated Equity (€bn, year to date)	10.9	10.7	10.7	10.7	10.4
RWA (€bn)	96.3	89.1	87.4	85.6	90.2

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Securities Services					
Revenues	**613**	**602**	**575**	**571**	**581**
Operating Expenses and Dep.	-538	-469	-465	-454	-503
Gross Operating Income	**75**	**132**	**110**	**117**	**78**
Cost of Risk	0	-2	2	2	-1
Operating Income	**75**	**130**	**112**	**120**	**77**
Share of Earnings of Equity-Method Entities	1	0	6	-4	1
Other Non Operating Items	0	7	-1	10	7
Pre-Tax Income	**77**	**138**	**117**	**126**	**85**
Cost/Income	**87.7%**	**78.0%**	**80.9%**	**79.4%**	**86.5%**
Assets under custody (€bn)	11,907	12,635	12,273	12,067	11,638
Assets under administration (€bn)	2,426	2,521	2,451	2,388	2,295
Number of transactions (in million)	38.6	35.5	32.8	33.3	35.7
Allocated Equity (€bn, year to date)	1.3	1.2	1.2	1.1	1.1
RWA (€bn)	14.6	11.8	11.8	11.7	10.6

€m	1Q22	4Q21	3Q21	2Q21	1Q21
Other Activities					
Revenues	**66**	**-5**	**-10**	**79**	**243**
Operating Expenses and Dep.	-511	-264	-178	-217	-244
Incl. Restructuring, IT Reinforcement and Adaptation Costs	*-76*	*-82*	*-62*	*-71*	*-77*
Gross Operating Income	**-445**	**-269**	**-187**	**-138**	**0**
Cost of Risk	-54	0	-38	-67	-54
Operating Income	**-499**	**-269**	**-225**	**-205**	**-54**
Share of Earnings of Equity-Method Entities	23	4	13	-20	20
Other Non Operating Items	-43	247	-61	298	292
Pre-Tax Income	**-519**	**-18**	**-274**	**73**	**257**
Allocated Equity (€bn, year to date)	3.8	4.3	4.2	4.3	3.9
RWA (€bn)	22.1	28.7	33.4	32.4	35.2

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 CPBS' profit and loss account aggregates (with Commercial & Personal Banking' profit and loss account aggregates, including 2/3 of private banking in France, Italy, Belgium, Luxembourg, Germany, Poland, Turkey and United States), IPS 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 tables "Results by Core businesses"	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 aggregates, excluding PEL/CEL effect Reconciliation with Group profit and loss account aggregates is provided in the tables "Quarterly series"	Representative measure of the aggregates of the period excluding changes in the provision that accounts for the risk generated by PEL and CEL accounts during their lifetime
Profit and loss account aggregates of Commercial & Personal Banking activity with 100% of Private Banking	Profit and loss account aggregate of a Commercial & Personal Banking activity including the whole profit and loss account of Private Banking Reconciliation with Group profit and loss account aggregates is provided in the tables "Quarterly series"	Representative measure of the performance of Commercial & Personal 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 Commercial & Personal Banking (2/3) and Wealth Management business (1/3)
Evolution of operating expenses excluding IFRIC 21	Change in operating expenses excluding taxes and contributions subject to IFRIC 21.	Representative measure of the change in operating expenses' excluding the taxes and contributions subject to IFRIC 21 booked almost entirely for the whole year in the 1st quarter, given in order to avoid any confusion compared to other quarters
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 disclosed in the Appendix "Cost of risk on Outstandings" of the Results' presentation	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 customers and credit institutions, including liabilities at amortised cost	Measure of provisioning for doubtful loans

Alternative Performance Measures	**Definition**	**Reason for use**
	and debt securities at fair value through equity (excluding insurance business)	
Net income Group share excluding exceptional items	Net income attributable to equity holders excluding exceptional items Details of exceptional items are disclosed in the slide “Main Exceptional Items” of the results’ presentation	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 restructuring, adaptation, IT reinforcement and transformation costs.
Return on Equity (ROE)	Details of the ROE calculation are disclosed in the Appendix “Return on Equity and Permanent Shareholders’ Equity” of the results’ presentation	Measure of the BNP Paribas Group’s return on equity
Return on Tangible Equity (ROTE)	Details of the ROTE calculation are disclosed in the Appendix “Return on Equity and Permanent Shareholders’ Equity” of the results’ presentation	Measure of the BNP Paribas Group’s return on tangible equity

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:

- **Commercial, Personal Banking and Services (CPBS)** including:
  - Commercial & Personal Banking in France, in Belgium, in Italy, in Luxembourg, in Europe-Mediterranean and in the United-States;
  - Specialised businesses, with Arval & Leasing Solutions; BNP Paribas Personal Finance; New digital businesses (including Nickel, Lyf…) & Personal Investors;
- **Investment & Protection Services (IPS)** including: Insurance, Wealth and Asset Management, that includes Wealth Management, Asset Management, Real Estate and Principal Investments;
- **Corporate and Institutional Banking (CIB)** including: Global Banking, Global Markets, and Securities Services.

11.2 Application of IFRS 5 – Reconciliation tables (unaudited)

On 20 December 2021, the Group announced the conclusion of an agreement with BMO Financial Group for the sale of 100% of its commercial banking activities in the United States operated by BancWest. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 7.d Discontinued activities of the Consolidated Financial Statements as at 31.12.21*)* leading to the restatement of the year to 31 December 2020 to isolate the "Net income from discontinued activities" on a separate line.

Unless otherwise mentioned, the financial information and items contained in this announcement include the activity related to BancWest reflecting an operational view. Such financial information and items therefore do not reflect the effects produced by applying IFRS 5, which pertains to non-current assets and liabilities held for sale. The press release includes hereafter a reconciliation between the operational view presented without applying IFRS 5 and the consolidated financial statements based on an application of IFRS 5.

Consolidated profit and loss account as at 31 March 2022 – Reconcilation table IFRS 5

BNP PARIBAS

BNP Paribas Profit and Loss account - First quarter 2022

Application of IFRS 5

In millions of euros	First quarter 2022 *before IFRS 5*	First quarter 2022 *IFRS 5 impact*	First quarter 2022 *according to IFRS 5*	First quarter 2021 *before IFRS 5*	First quarter 2021 *IFRS 5 impact*	First quarter 2021 *restated according to IFRS 5*
Net interest income	5,734	(515)	5,219	5,452	(479)	4,973
Net commission income	2,637	(94)	2,543	2,555	(75)	2,480
Net gain on financial instruments at fair value through profit or loss	3,152	(9)	3,143	2,047	(23)	2,024
Net gain on financial instruments at fair value through equity	8	(16)	(8)	37	(18)	19
Net gain on derecognised financial assets at amortised cost	-	-	-	51	(37)	14
Net income from insurance activities	1,093	-	1,093	1,204	-	1,204
Net income from other activities	594	(8)	586	483	(6)	477
Revenues	**13,218**	**(642)**	**12,576**	**11,829**	**(638)**	**11,191**
Salary and employee benefit expense	(4,799)	271	(4,528)	(4,323)	238	(4,085)
Other operating expenses	(4,234)	146	(4,088)	(3,680)	113	(3,567)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(620)	40	(580)	(594)	38	(556)
Gross operating income	**3,565**	**(185)**	**3,380**	**3,232**	**(249)**	**2,983**
Cost of risk	(456)	(193)	(649)	(896)	(6)	(902)
Operating income	**3,109**	**(378)**	**2,731**	**2,336**	**(255)**	**2,081**
Share of earnings of equity-method entities	165	-	165	124	-	124
Net gain on non-current assets	(244)	-	(244)	363	(1)	362
Goodwill	247	-	247	-	-	-
Pre-tax income	**3,277**	**(378)**	**2,899**	**2,823**	**(256)**	**2,567**
Corporate income tax	(1,047)	149	(898)	(969)	53	(916)
Net income from discontinued activities		**229**	**229**		**203**	**203**
Net income attributable to minority interests	122	-	122	86	-	86
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**2,108**	**-**	**2,108**	**1,768**	**-**	**1,768**

Balance Sheet as at 31 March 2022 – Reconciliation table IFRS 5

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BNP Paribas Balance Sheet as at 31 March 2022

Application of IFRS 5

In millions of euros	31/03/2022 *before IFRS 5*	IFRS 5 Impact	31/03/2022 *according to IFRS 5*	31/12/2021 *according to IFRS 5*
ASSETS				
Cash and balances at central banks	377,873	(5,032)	372,841	347,883
Financial instruments at fair value through profit or loss				
Securities	248,258	(633)	247,625	191,507
Loans and repurchase agreements	295,217	(45)	295,172	249,808
Derivative financial Instruments	283,413	(195)	283,218	240,423
Derivatives used for hedging purposes	8,977	-	8,977	8,680
Financial assets at fair value through equity				
Debt securities	44,372	(5,185)	39,187	38,906
Equity securities	2,726	-	2,726	2,558
Financial assets at amortised cost				
Loans and advances to credit institutions	37,663	(140)	37,523	21,751
Loans and advances to customers	890,973	(52,008)	838,965	814,000
Debt securities	134,958	(17,243)	117,715	108,510
Remeasurement adjustment on interest-rate risk hedged portfolios	(313)	-	(313)	3,005
Financial investments of insurance activities	269,689	-	269,689	280,766
Current and deferred tax assets	6,042	(278)	5,764	5,866
Accrued income and other assets	206,778	(1,554)	205,224	179,123
Equity-method investments	6,746	-	6,746	6,528
Property, plant and equipment and investment property	35,783	(435)	35,348	35,083
Intangible assets	3,912	(238)	3,674	3,659
Goodwill	7,769	(2,605)	5,164	5,121
Assets held for sale	-	85,591	85,591	91,267
TOTAL ASSETS	**2,860,836**	**-**	**2,860,836**	**2,634,444**
LIABILITIES				
Deposits from central banks	4,122	-	4,122	1,244
Financial instruments at fair value through profit or loss				
Securities	137,141	-	137,141	112,338
Deposits and repurchase agreements	341,412	-	341,412	293,456
Issued debt securities	69,601	-	69,601	70,383
Derivative financial instruments	264,957	(266)	264,691	237,397
Derivatives used for hedging purposes	17,986	(165)	17,821	10,076
Financial liabilities at amortised cost				
Deposits from credit institutions	199,880	(318)	199,562	165,699
Deposits from customers	1,080,727	(71,521)	1,009,206	957,684
Debt securities	164,169	(218)	163,951	149,723
Subordinated debt	25,525	-	25,525	24,720
Remeasurement adjustment on interest-rate risk hedged portfolios	(6,803)	-	(6,803)	1,367
Current and deferred tax liabilities	3,195	(38)	3,157	3,103
Accrued expenses and other liabilities	179,628	(836)	178,792	145,399
Technical reserves and other insurance liabilities	245,647	-	245,647	254,795
Provisions for contingencies and charges	10,016	(161)	9,855	10,187
Liabilites associated with assets held for sale	-	73,523	73,523	74,366
TOTAL LIABILITIES	**2,737,203**	**-**	**2,737,203**	**2,511,937**
EQUITY				
Share capital, additional paid-in capital and retained earnings	*116,589*	-	*116,589*	*108,176*
Net income for the period attributable to shareholders	*2,108*	-	*2,108*	*9,488*
Total capital, retained earnings and net income for the period attributable to shareholders	**118,697**	-	**118,697**	**117,664**
Changes in assets and liabilities recognised directly in equity	353	-	353	222
Shareholders' equity	**119,050**	-	**119,050**	**117,886**
Total minority interests	**4,583**	-	**4,583**	**4,621**
TOTAL EQUITY	**123,633**	**-**	**123,633**	**122,507**
TOTAL LIABILITIES AND EQUITY	**2,860,836**	**-**	**2,860,836**	**2,634,444**

11.3 Long term credit ratings

Long Term/Short Term Rating	**S&P**	**Fitch**	**Moody's**	**DBRS**
As at 25 March 2022	A+/A-1 (stable outlook)	AA-/F1+ (stable outlook)	Aa3/Prime-1 (stable outlook)	AA (low)/R-1 (middle) (stable outlook)
As at 3 May 2022	A+/A-1 (stable outlook)	AA-/F1+ (stable outlook)	Aa3/Prime-1 (stable outlook)	AA (low)/R-1 (middle) (stable outlook)
Date of last review	24 June 2021	23 September 2021	4 December 2020	29 June 2021"

(k) Section 12 entitled "Compensation for Financial Year 2020 of Employees whose Professional Activities have material impact on the Group's Risk Profile" on pages 848 to 867 shall be deleted in its entirety and replaced with the following:

"12. COMPENSATION FOR FINANCIAL YEAR 2021 OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE GROUP'S RISK PROFILE

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ÉDITO

Sofia Merlo, Head of Group Human Resources

2021 has once again been impacted by the health crisis. Capitalizing on its experience acquired over the previous year, BNP Paribas has continued to play its role by supporting its clients, thanks to the deep commitment of its staff members throughout the world.

1 A responsible employer's policy

The BNP Paribas Group has wanted to recognize the efforts and the commitment of its staff members in an unprecedented context via the implementation of exceptional measures in 2020 and 2021. The Group has also confirmed its ambition to engage in medium and long term measures which illustrate its confidence in the future and its ambition to onboard the staff members in the new strategic plan Growth, Technology & Sustainability 2025 (GTS 2025).

BNP Paribas Group pays particular attention to its remuneration policy for all employees in nearly 65 countries, strictly applying the European remuneration framework regulations, as well as the regulations specific to certain countries or businesses.

In order to respect these regulations, the Group's compensation policy is designed in a way not to encourage excessive risk taking, nor to create incentives that could lead to conflicts of interest between employees and clients. It is based on principles of transparency and equity, in particular gender equity. It is implemented via a unique annual process for compensation review, which happens simultaneously with the performance review of staff members, in order to enable a traceability and internal consistency of decisions, as well as a control and monitoring of the evolutions by General Management.

2 A compensation policy linked to sustainable performance

The Group compensation policy for 2021 performance year has been implemented in a context of solid Group performance. It has been applied strictly in compliance with applicable regulations: variable compensation pools are adjusted to ensure consistency with the evolution of financial results of the Group and of the businesses, taking into account risks.

On the economic side, many sectors have experienced a strong recovery in 2021. Thanks to the important mobilization of all the teams throughout the Group, BNP Paribas has exteriorized strong performance in 2021. These results also reflect the Group strategy and its long-term engagement towards clients. In a context where our role towards the economy and the society has been demonstrated, we have reinforced our positions in a great number of businesses and geographies.

In parallel to the global increase of fixed remunerations, this good performance also led to a global growth of the variable remunerations within the Group, in link with financial performance. In a highly competitive environment, especially for specific activities, BNP Paribas continues to take the necessary measures to reinforce the engagement and the retention of its staff members.

3 A fair compensation policy

BNP Paribas continued to pay very close attention to equality of treatment for all, in particular between women and men, and to the contribution to the respect of Code of Conduct, Regulation and internal rules, as well as Risk Assessment and Management for each staff member, in addition to the individual and collective performance measurement. Some staff members are also subject to an individual review by independent control functions.

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Concerning the equal pay treatment between women and men, the Group continues its strong commitment in this area by setting up specific measures dedicated to rebalancing of unjustified remuneration gaps.

4 A remuneration policy aligned with the CSR objectives

As a major actor of sustainable finance, for several years the Group has included in its compensation policy CSR indicators representative of the 4 pillars of the Group's CSR policy. These CSR indicators are aligned with the new Group CSR dashboard for 2022-2025 as published in the 2021 Annual report. These CSR indicators have also been taken into account since 2019 for the determination of part of the annual variable remuneration of Group Corporate Executive Officers.

This report presents the Group's compensation policy, the governance implemented to ensure its consistency and correct application, as well as detailed information on the compensation of some of its employees. It concerns the employees, whose activities may have a material as impact on the risk profile of the Group, who are identified as material risk takers in accordance with the identification criteria specified in the CRD5 regulation at Group level and who are subject to specific provisions on their compensations required by the European regulation. ”

INTRODUCTION

The BNP Paribas Group applies all regulatory requirements on compensation such as specified in:

- **European Directive CRD5**[1] of 20 May 2019, as transposed into French law in the Monetary and Financial Code and the order of 22 December 2020 and the CRR2 European regulation of 20 May 2019[2];
- **European Commission Delegated Regulation**[3] of 25 March 2021, on the identification criteria for employees whose professional activities have a material impact on the institution's risk profile ("Material Risk Takers" or "MRT"), on a consolidated basis, in all its branches and subsidiaries, including those outside the European Union;
- **EBA**[4] **guidelines** on sound remuneration policies of 2 July 2021, in line with the ACPR[5] position.

The BNP Paribas Group has worked to implement the CRD5 Directive and associated regulations, which apply as of 2021 performance year, leading to evolutions of the compensation policy as well as for the identification of MRT populations.

Thus, the Group's compensation policy implemented in 2021 is compliant with all of these principles and aims to not encourage excessive risk-taking, to avoid incentives that may lead to conflicts of interest, and not to encourage or reward prohibited trading activities.

These regulatory prudential provisions apply to the Group on a consolidated basis (including subsidiaries and branches outside the European Union), except for derogations allowed by the regulation. In case of discrepancies between the regulation applied at Group level and the one which applies at local level, the most stringent rules shall apply.

This report is produced in order to comply with regulatory provisions of Article 450 of EU Regulation 2019/876 of 20 May 2019 on prudential requirements for credit institutions and investment firms (CRR)[6].

In terms of specific populations targeted by legal and regulatory provisions, the following populations have been identified:

1| Group MRT

Corresponding to the employees included in the Group MRT category in 2021 in accordance with the regulation in force. Thus, all the employees meeting one of the criteria defined in the Directive or the Delegated Regulation, including those identified only because of their level of remuneration (as a result of their expertise, even if it is not demonstrated that their professional activity has an impact on the Group risk profile) have been included in the scope of the Group MRT. These employees are subject to all the principles set out in the Group compensation policy as detailed below.

1 | Capital Requirements Directive 5 : UE Directive 2019/878 amending the directive 2013/36/UE
2 | Regulation EU 2019/876 that completes Regulation 575/2013
3 | Delegated Regulation 2021/923
4 | European Banking Authority
5 | French Banking Supervisory Authority
6 | Capital Requirements Regulation

In addition to these legal and regulatory provisions applicable at Group level, other compensation requirements may apply to some employees who, even though they are not considered as Group MRT, are subject to specific provisions in some of the Group's entities.

2 | Local MRT

Local MRT are the staff members identified in particular within Group significant banking subsidiaries located in the European Union and applying CRD5 on an individual basis due to national transpositions.

3 | Locally regulated employees

Locally regulated employees are staff members identified due to other regulatory requirements by virtue of local banking regulations outside European Union.

The number of employees identified under each of these provisions (1, 2, 3 above) is detailed on page 20. In addition, although a number of principles relating to the remuneration policy applies to all Group employees, the figures detailed as from page 21 of this report only concern employees identified as Group MRT subject to CRD5 principles at Group level as required by regulation.

Moreover, other specific rules on remuneration may apply to some Group businesses, for instance, due to provisions:

- **Linked to protection of clients' interests** (MIFID[7] and ESMA[8] guidelines) for staff members in direct or indirect contact with clients;
- **Linked to the European SFDR[9] Regulation**, which aims to ensure that the variable remuneration of financial market participants and financial advisors does not encourage excessive risk-taking with respect to sustainability risks for investments and financial products;
- **In relation with sectoral principles** (asset management with AIFMD and UCITS and insurance with Solvency[10]);
- **Linked to the application of the French Banking Law** (such as transposed in the French Monetary Code) **and the Volcker Rule** for market professionals;
- **Specific to the Group for front office employees of Global Markets activities** of Corporate & Institutional Banking (CIB), for whom variable compensation awarded continues to be strictly controlled as previously (taking into account all costs and risks when determining variable compensation pools, and applying deferral and indexation provisions on a part of the variable compensation).

7 | Markets in Financial Instruments Directive
8 | European Securities and Markets Authority
9 | Sustainable Finance Disclosure Regulation
10 | and IFD as of performance year 2022 for investment firms

1 - GOVERNANCE

The BNP Paribas Group compensation principles and compensation policy for MRT are designed and proposed by Group Human Resources in cooperation with the relevant business lines. They are presented for validation to the Group Compliance, Risk and Finance Committee (CRIF), chaired by the General Management, and then presented to the Remuneration Committee before approval by the Board of directors. Since 2014, the General Shareholders Meeting is annually consulted on some subjects. In compliance with applicable regulation, the Remuneration Committee of BNP Paribas SA also assumes the responsibility of the Remuneration Committee for significant subsidiaries in France.

Preparation of the remuneration policy and its implementation by Group Human Resources

Group Compliance, Risk and Finance Committee (CRIF)

The CRIF Committee is a General Management Committee chaired by Mr. Yann Gérardin, Chief Operating Officer, since May 2021 and includes the Heads of Compliance, Risk and Finance functions (or representatives appointed by them), as well as:

- The Group Head of Human Resources;
- The Group Head of Compensation and Benefits, who acts as secretary;
- Mr Michel Konczaty, Executive advisor to the General Management as a permanent invitee.

Compensation policy for regulated employees is presented to and discussed by the CRIF Committee, which reviews and validates:

- Compliance of the policy with current regulations;
- Its adequacy and consistency with the institution's risk management policy;
- Consistency between variable compensation practices and the need to ensure a sufficient level of capital base.

This Committee met four times with respect to the compensation process for the year 2021.

Remuneration Committee and Board of Directors

The Remuneration Committee is a committee of the Board of directors chaired by Mr. Pierre-André de Chalendar. He is also a member of the Corporate Governance, Ethics, Nominations and CSR Committee. The Committee is also composed of three other members, Ms. Jane Fields Wicker-Miurin, who is also member of the Financial Statements Committee, and of the Internal control, Risk Management and Compliance Committee and Ms. Marion Guillou who is also member of the Corporate Governance, Ethics, Nominations and CSR Committee, and Mr. Hugues Epaillard, who is an employee representative at the Board of directors and also a member of the Internal Control, Risk Management 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.

Its membership is consistent with applicable regulation and with the recommendations of the AFEP-MEDEF's Corporate Governance Code. **Its members are predominantly independent directors** and have experience in compensation systems and market practices in this field. Finally, the Chairman of the Board of directors is not a member, but is invited to participate in discussions, except when he is personally concerned.

The internal rules of the Board of directors define the Remuneration Committee's missions: prepare the Board of directors' decisions concerning the principles of the remuneration policy, the compensation of Corporate Officers of the Group, as well as compensation of employees whose activities have a significant impact on the company's risk profile (Group MRT), in accordance with applicable regulations. The Remuneration Committee **receives the decisions** validated by the CRIF Committee.

Thus, the Remuneration Committee analyses compensation policy for MRT, compensation principles, as well as the annual process guidelines reviewed and validated by the CRIF Committee , including:

- Parameters for the determination of variable compensation envelope (i.e. "bonus pools") for Global Markets;
- Terms and conditions of allocations, individual awards and payments.

The Compensation Committee also analyses the list of beneficiaries whose compensation exceeds some thresholds such as defined each year by General Management, and is responsible for controlling the individual compensation of the Heads of Risk function and of Compliance function at Group level.

The subjects discussed during the Remuneration Committee meetings are then presented to the Board of directors for approval of the principles. The relevant information is also provided to the Board of directors of significant subsidiaries.

The Remuneration Committee met four times to deliberate on the compensation process for the year 2021.

General Shareholders Meeting

The BNP Paribas General Shareholders Meeting is consulted annually about the compensation envelope paid in the past financial year to employees identified as Group MRT for that financial year, including the fixed and the variable compensation, in compliance with the French Monetary and Financial Code (see p. 24).

Moreover, the Remuneration Committee (upon proposal validated by the CRIF) decides to propose to the Board of directors to submit a resolution to the General Shareholders Meeting to raise the variable to fixed compensation ratio from 100% to 200%. A two-thirds majority of the General Shareholders Meetings is required for approval, provided that at least half of the shareholders are represented, lacking which, a three-quarters majority is required. Employees identified as MRT for the previous year are not allowed to take part in the vote.

Finally, the remuneration of Corporate Officers as well as the other BNP Paribas SA 's directors is annually subject to specific resolutions submitted to the General Shareholders Meeting, in application of the provisions of the French Code de Commerce linked to the "loi Pacte". This information is detailed in the Board of directors' report to the General Shareholders Meeting.

Audit & Controls

The operating procedures implementing the Group's compensation policy are documented to provide an effective audit trail of any decisions. In addition, **controls have been defined by Group Human Resources and implemented by the Human Resources of poles, entities and functions of the Group** in order to ensure the correct identification of the MRT employees and the correct application of all regulatory requirements applicable to this population (deferral rules, indexation and variable to fixed ratio). At the end of the annual compensation review process, these controls are certified by each of the Group's poles, businesses and functions.

Moreover, a second level of control has been implemented by **RISK ORM** and the **Group's internal audit (Inspection Générale) performs an annual, independent ex post review of the compensation process** to ensure that it complies with the principles and procedures stipulated in the Group's compensation policy. The Board's Remuneration Committee is systematically provided with a summary of this report.

The review performed in 2021 by the Group internal audit team concerning the 2020 process and the implementation of the CRD4 principles (including the identification of employees according to criteria defined by Delegated Regulation), concluded that the principles and regulations had been appropriately applied. A summary of this review was brought to the attention of the Board's Remuneration Committee and communicated to the regulator.

Moreover, every year, the European Central Bank reviews the principles and the implementation of BNP Paribas' Group remuneration policy.

2 · GROUP COMPENSATION PRINCIPLES

Compensation principles applicable to all Group employees

COMPENSATION ELEMENTS FOR GROUP EMPLOYEES

Group employees' compensation includes different components:

Fixed compensation

Fixed salary rewards competence, experience, qualification level, as well as the level of involvement in assigned tasks. It is set on the basis of local and professional market conditions and the principle of internal consistency within the BNP Paribas Group. It is composed of a fixed base salary, which compensates the skills and responsibilities corresponding to the position held, and when appropriate, fixed pay supplements linked, in particular, to the specific characteristics of the position held, in accordance with applicable regulation.

Collective variable compensation

Profit-sharing schemes can exist depending on local legislations, associating employees to the results of the Group and/or of their entity. Their calculation methodologies are usually defined by company agreements.

Individual variable compensation

Variable compensation rewards employees for their performance during the year based on the achievement of quantitative and qualitative targets and individual assessments according to fixed objectives. It takes into account the business line's results and the achievement of quantitative and qualitative targets, as well as contribution to risk management and respect of compliance rules and the local and/or professional market practices. It does not constitute a right and is set each year in accordance with the compensation policy for the year in question and current corporate governance guidelines.

In addition, variable compensation may also consist of a medium or long-term retention plan, or any other suitable instrument aimed at motivating and building the loyalty of the Group's key executives and high potential employees, by giving them an interest in the growth of the value created.

Variable compensation is determined in order to avoid the introduction of incentives that could lead to conflicts of interest between employees and customers, or non-compliance with the Code of Conduct, Rules and Regulations and Risk Management.

The fixed salary must represent a sufficiently high proportion of the total compensation to reward employees for their work, seniority level, expertise and professional experience without necessarily having to pay a variable compensation component.

Commercial incentives

For employees holding commercial functions in particular within retail activities, individual variable remuneration can be awarded under sales incentive schemes. These schemes must not be designed in a manner that would promote selling a product or a service which is not well adapted to the clients' needs, or favour employees' interests and/or the Group's interest over clients' interests.

Employee Benefits

Employee benefits depend on each country's legislation and come in addition to any other remuneration components. They are intended to protect employees against the uncertainties of life (via health, disability and life insurances, etc.), encourage their savings efforts and promote preparation for retirement, via collective pension schemes.

Other compensation items

Buyout awards to newly hired experienced executives will be paid according to a schedule and under conditions as equivalent as possible to the initial vesting dates and conditions of the repurchased instruments and in accordance with the payment and behavioural conditions stipulated in the framework of the BNP Paribas Group's deferred compensation scheme in effect at the date of the buyout awards to these employees.

Guaranteeing in advance the payment of variable compensation is prohibited. However, in the context of hiring, especially to attract a candidate with a key skill, the allocation of variable compensation may be guaranteed on an exceptional basis the first year; this award shall in any event be subject to the same conditions as variable compensation (i.e. with a deferred portion, indexing, and performance conditions where appropriate).

In case of the early termination of an employment contract, any amount paid in the transactional context (beyond the existing legal minima and collective agreements) shall reflect the actual past performance of the employee.

HEDGING PROHIBITION

Hedging or insurance coverage by beneficiaries of risks related to share price fluctuation or the profitability of business lines, aimed at eliminating the uncertainties related to their deferred compensation is prohibited, including during the retention period.

THE ANNUAL COMPENSATION REVIEW PROCESS

Compensation reviews are managed through a single annual process across the Group and via a centralized system that enables the General Management to obtain at any time updated proposals within the Group, particularly for all MRT. Moreover, General Management can monitor the whole process – depending on the economic situation, the institution's results and market conditions - until individual decisions are taken and announced.

3 · COMPENSATION POLICY FOR GROUP MRT

Perimeter

Group MRT are identified annually according to the criteria defined by the European Commission Delegated Regulation, and through additional criteria decided by the Group. Under CRD5 and the new Delegated Regulation, the identification criteria have changed and now concern:

AT GROUP LEVEL

- **Corporate Executive Officers;**
- **Non-executive Corporate Officers;**
- **The members of the Group's Executive Committee** within their respective areas of responsibility.
- **The Heads at Group level** of Finance, Human Resources, Compensation Policy, Legal Affairs, Fiscal Affairs, IT, and Economic Analysis as well as those who supervise accounting procedures, the prevention of money laundering and terrorist financing, IT security and the management of outsourced activities;
- **Within the control functions: Compliance, Risk, Legal and Internal audit**: the Head at Group level and the managers who directly report to this person;
- **Senior managers** responsible for business lines, geographical areas, business areas and operational entities with a material impact on the Group's risk profile.

AT THE LEVEL OF THE GROUP'S MAIN BUSINESS LINES

Within significant activities for which the Group allocates more than 2% of its internal capital or which are considered as core businesses:

- The Head and the managers who directly report to this person and who are responsible of MBU sub-activities or control functions.

BY VIRTUE OF RISK CRITERIA

- Employees with delegations on credit that exceed certain thresholds (0.5% of the Group's Common Equity Tier 1 "CET1") and those with authority to approve or reject such credit decisions;
- Group employees with the authority to initiate transactions of which the Value at Risk "VaR" exceeds certain thresholds (5% of the Group's VaR limit), and those who have authority to approve or reject such transactions;
- Members with authority among the committees to accept or reject transactions, operations or new products;
- Managers whose cumulated delegations for their direct employees exceed the threshold for credit risk.

BY VIRTUE OF COMPENSATION LEVEL

Furthermore, the list also includes Group employees whose total annual compensation for the preceding year exceeds the minimum of the 3 following thresholds[1]:

1. The highest threshold between EUR 500,000 and the average total remuneration awarded to the members of the Group's management body and senior management for the previous year; **2.** the threshold corresponding to 0.3% of the highest remunerations within BNP Paribas SA; **3.** EUR 750,000

11 | The first threshold is included directly in Directive CRD5 (EU) 2019/878 and the other two thresholds are indicated in the delegated Regulation (EU) 2021/923

Determination of bonus pools and breakdown by business line

GLOBAL MARKETS ACTIVITIES

In the context of strict oversight of compensation for all Global Markets staff, **the variable compensation pool for this business line is determined by taking into account all components of revenues and risk**, including:

- Direct revenues;
- Direct and indirect costs allocated to the business line;
- Refinancing cost billed internally (including actual cost of liquidity);
- The cost of risk generated by the business line;
- The cost of capital allocated to the activity during the year.

However, some elements of revenues or costs are not allocated to the business line when they do not reflect its performance over the year.

The bonus pools thus calculated are distributed among the Global Markets business lines on the basis of clearly defined and documented criteria specific to each business line or team, which reflect:

- Quantitative performance measurement (including the creation and development of long-term competitive advantages for the Group);
- The measurement of underlying risk;
- Market value of the teams and the competitive situation.

These elements are supplemented by factual elements designed to measure the collective behaviour of the teams in terms of:

- Ongoing control, compliance and respect for procedures;
- Team spirit within the business line and cross-selling within the Group.

The criteria selected are based on quantitative indicators and factual elements, which are defined each year at the beginning of the compensation review process.

THE GROUP'S OTHER BUSINESS LINES

Variable compensation pools for the Group's other business lines are determined on the basis of the net revenues, after direct costs and cost of capital, after taking into account risks (in particular for CIB activities), or by the application of a variation rate from the preceding financial year, set in particular on the basis of the Group's performance profile or the performance profile of the business line as a whole after taking into account risks (in particular for Retail Banking activities), as well as on the basis of market practices.

POOLS FOR GROUP AND CONTROL FUNCTIONS

Variable compensation pools for Group functions and integrated control functions[12] are determined independently from the performance of the business lines for which they facilitate, validate or check the operations.

Variable compensation pools for the functions within business areas and business lines are defined with respect to those of Group functions, taking into account, to a limited extent and where appropriate, specific job market situations.

12 | Risk, Compliance, Internal Audit, Legal

Individual awards

Individual awards are made upon management decision based on:

- The performance of the team to which the concerned employee belongs and his or her individual performance (performance is measured on the basis of results achieved and the risk level associated with these results);
- Appraisals (mandatory annual individual assessment performed by the line manager), which simultaneously assess;
  - qualitative achievements in relation to fixed objectives,
  - professional behaviour with respect to the Group's values, compliance rules, Code of Conduct and procedures of the Group,
  - contribution to risk management, including operational risk and
  - the managerial behaviour of the concerned employee where applicable.

Failure to comply with applicable rules and procedures or blatant breaches of compliance rules or Group Code of Conduct shall entail the reduction or cancellation of the bonus, independently of any disciplinary proceedings.

The employees identified as Group MRT and local MRT are annually formally and independently assessed by control functions (Compliance and Risk) against the Respect of Code of Conduct and Rules & Regulations and against the Risk Assessment & Management such as defined by the Group.

The result of these reviews is then taken into account by the managers of the concerned employees in the annual performance appraisal and for the determination of their annual variable compensation.

Failure to comply with at least one of these rules leads to a systematic reduction or cancellation of the awarded variable remuneration of the year for the relevant employees.

Individual awards for employees of Group functions and control functions are made in accordance with these principles and independently from the performance of the business lines controlled by the employees. Furthermore, particular emphasis is given to the employee's contribution to risk management during the annual appraisal process.

For control functions employees, variable remuneration can not exceed the amount of their fixed remuneration.

Payment of variable compensation

For MRT[13], variable compensation includes a non-deferred portion and a deferred portion[14].

The deferred portion increases in proportion to the level of the amount of variable compensation, according to a grid set each year by the General Management, ranging from at least 40% to 60% for the highest variable compensation amounts.

In accordance with regulatory requirements, bonuses (including both the deferred and non-deferred portions) **are paid as follows:**

- Half in cash;
- Half in cash indexed on the BNP Paribas share price, at the end of a retention period of 9 months for the non-deferred part and 6 months for the deferred part.

Indexing on the share price has a double purpose: to align the beneficiarie ' s interests with those of shareholders, and to ensure solidarity with the institution's overall performance results.

The deferred portion is acquired over minimum 4 years following the award year and vests no faster than prorata temporis. Thus, the payment of deferred bonuses subject to deferral over 4 years is spread over 8 payment dates, with the last payment in September 2026, i.e. 4 years and 9 months after the reference year for determining the award of variable compensation.

The deferred portion vests progressively over 4 years following the year of award, subject to achieving the business line, activity and Group financial performance targets and meeting the behavioural criteria set at the time of award.

Variable compensation is deferred by fifth, over 5 years following the award date in particular for the members of the Group Executive Committee.

Vesting of each annual portion is thus conditional upon the fulfillment of the conditions defined initially at the award date on each annual vesting date, based on the profitability level of the business line and/or activity, and/or the Group as a whole. These conditions are designed to promote an awareness of the impact that activities in a given year could have on results in subsequent years and to align individual conduct with the institution's strategy and interests. **If these conditions are not met during a financial year, the annual portion of deferred variable remuneration is not paid ("Malus").**

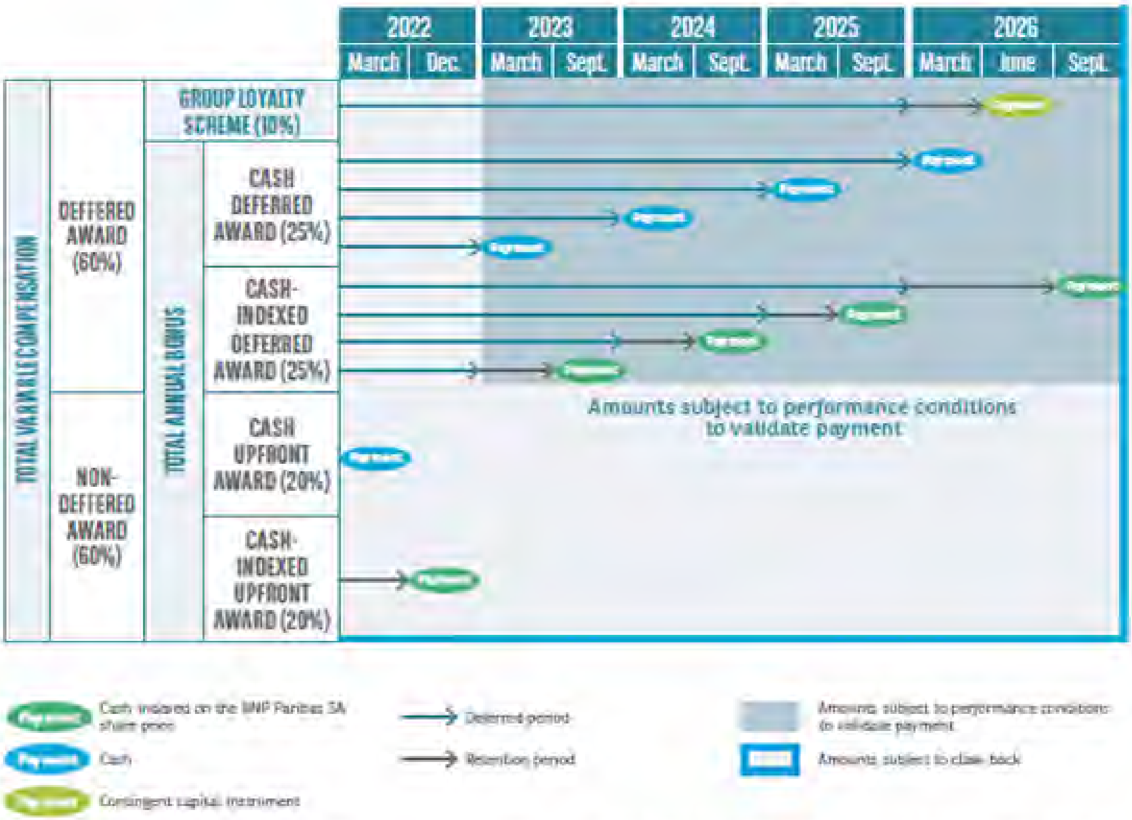
Some MRT are also beneficiaries of fully deferred 4 to 5-year loyalty schemes. The Group loyalty scheme takes the form of a contingent capital instrument for which payment is subject to the absence of regulatory resolution measures and to a level of the Group's CET1[15] ratio above 7%. This scheme also includes conditions relative to Group financial performance as well as CSR criteria, defined at the time of award. In addition, some beneficiaries of this Group loyalty scheme may also benefit from an exceptional loyalty scheme awarded in respect of 2021 as part of the Group 2025 strategic plan subject to the achievement of profitability objectives as measured in this strategic plan.

The figure below shows an example of variable compensation payment rules applicable to a MRT employee subject to a deferred rate of 60% over 4 years and benefiting from an allocation of 10% of its total variable compensation under the Group loyalty scheme:

13 | Excluding BNP Paribas SA Executive Corporate Officers (see p.13 for details)

14 | With the exception of total variable remuneration below EUR 50,000 and one third of total remuneration

15 | The Group's Common Equity Tier 1 stood at 12.9% on 31/12/2021



In case of dismissal for misconduct (or for employees who left the Group, the misconduct that would have led to his/her dismissal if it had been revealed while she/he was an employee), particularly when the employee's action involves the breach of risk control rules, compliance or the respect of the Code of Conduct, or also a dissimulation or an action that resulted in a distortion of the conditions under which bonuses previously allocated were set, **all or part of the rights to the deferred portions of all previously awarded variable compensations[16] shall be lost** ("Malus") **and potentially any elements of variable compensation already paid shall be recovered** ("claw-back") (subject to respect of local labour law).

In addition, in the event of the implementation of a resolution plan, as defined in Article L. 613-50 and following of the Monetary and Financial Code, the deferred variable compensation schemes will provide for the conditions under which parts of awarded variable remuneration may be reduced or cancelled.

Finally, the variable remuneration of employees working in capital market activities, not included in the category of MRT, continues to be strictly controlled and subject to payment rules including deferral, indexation and payment conditions arrangements.

Risk, conduct and compliance criteria and their measurement are thus taken into account ex-ante in the annual compensation review process for the calculation of variable compensation pools (collective) and during the annual appraisal process (individual). Moreover, conduct and compliance are also taken into account ex-post for employees who benefit from variable compensation subject to deferral (malus and claw-back in case of misconduct).

All of these elements contribute to strengthen conduct, compliance and risk culture of all Group staff members.

16 | including Group loyalty scheme

Ratio between variable and fixed compensations

Total variable compensation awarded to an employee included in the MRT category, considered at its notional value at the award date, **cannot exceed his or her total fixed compensation** for the same year multiplied by a ratio.

The CRIF Committee proposes **a maximum ratio of 200%** to the Remuneration Committee of the Board of directors. This proposal is then submitted for approval to the General Shareholders Meeting.

The General Meeting of May 18, 2021 approved by more than 99% this ratio of 200% for a 3 year period.

For the purpose of calculating the ratio, the portion of variable compensation deferred for 5 years and paid in the form of instruments, up to a limit of 25% of total variable compensation, is discounted at a rate defined in compliance with the EBA guidelines[17].

For 2021 performance year, 11 employee[18] in France benefited from this discount rate.

52% of employees identified as Group MRT benefited for 2021 performance year of a ratio from 100% to 200% between the variable and the fixed components of their total compensation.

Scope of application and local rules

The provisions described above are those applicable in principle to the Group MRT. Specific provisions, sometimes more stringent in particular concerning payment conditions of variable compensation or the ratio, may apply to Group MRT in some countries, due to the local transposition of CRD5 rules.

Moreover, according to the order of 22 December 2020, the Group's activities subject to specific regulatory provisions (e.g. AIFMD and UCITS for Asset Management, IFD for investment firms and Solvency for insurance) or entities which are not included in the Group's prudential consolidation scope are not subject to CRD5 provisions.

These CRD5 provisions on compensation also apply on an individual basis at the level of Group banking subsidiaries within European Union, depending on local legislation, to employees identified as local MRT, in accordance with the Group principles detailed supra and with applicable local regulation.

Corporate Officers of BNP Paribas SA

The variable compensation of BNP Paribas SA's Corporate Officers is determined in compliance with the principles set out above applicable to all Group MRT and in accordance with the terms and conditions proposed by the Remuneration Committee and adopted by BNP Paribas' Board of directors.

Specific compensation principles and policy applicable to BNP Paribas SA's Corporate Officers are detailed in chapter 2 of the 2021 Universal Registration Document.

17 | EBA guidelines (EBA/GL/2014/01)
18 | Excluding Corporate Executive Officers

4 · QUANTITATIVE INFORMATION ON COMPENSATION AWARDED FOR 2021 FINANCIAL YEAR

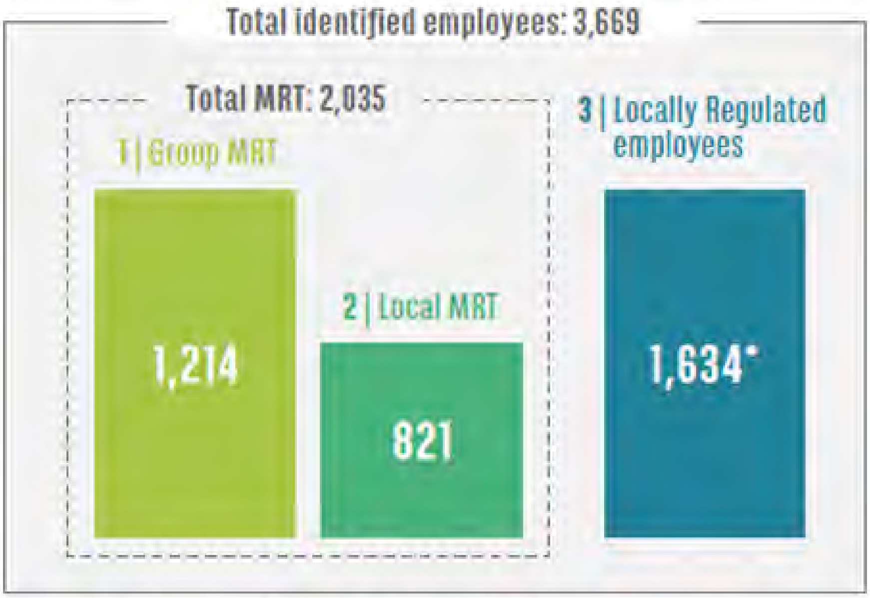
Overall data

GROUP INFORMATION

BNP Paribas Group counts in total around 186,000 employees[19], as of 31 December 2021, representing a total of salary and employee benefits cost of EUR 17.4 billion – out of which EUR 13.2 billion of wages, salaries and other variable remuneration (including profit-sharing schemes) – as detailed in the Consolidated Financial Statements of the 2021 Universal Registration Document.

GROUP EMPLOYEES WHOSE 2021 COMPENSATION IS SUBJECT TO OVERSIGHT RULES

The chart below shows the number of employees whose 2021 compensation is subject to oversight rules according to regulatory provisions applicable worldwide and to internal rules such as described in the introduction.



*Including 1,050 staff members of Bank of the West subject to Federal Reserve regulatory provisions

GROUP MRT PERIMETER

The application of the new identification criteria in 2021, as detailed on page 14, led to a decrease in the number of MRT identified at Group level, due to the suppression of some qualitative criteria (related to the function) and to the implementation of the quantitative criteria, with the increase of the total compensation threshold above which Group employees should be identified as MRT.

19 | Workforce in Full Time Equivalents (FTE) of entities under exclusive control or consolidated via global integration (Financial headcount)

Compensation of Group MRT employees in 2021

The quantitative information presented below concerns gross compensation (excluding employer contribution) awarded for 2021 to the 1,214 employees identified as Group MRT (less than 1% of the total staff), but does not concern compensation awarded to other Group employees identified as Local MRT within Group subsidiaries applying CRD5 on an individual basis due to national regulations or other Group employees whose compensation is also subject to oversight.

Due to the changes in scope linked to the evolution of the identification criteria, the 2021 data is not fully comparable with 2020 data.

QUANTITATIVE INFORMATION ON COMPENSATION AWARDED TO GROUP MRT[20]

The compensation awarded to Group MRT for 2021 financial year is split as follows (REM1):

In k€ excluding employer contribution	Chairman of the Board	Other non executive Corporate Officers	Executive Corporate Officers[2]	CIB	Commercial, Personal Banking & Services	Independent Control functions[3]	Group functions	Other[4]	TOTAL
Number of concerned employees	1	13	4	766	164	184	76	46	1,214
Total compensation amount	1,014	1,189	13,147	782,390	74,820	76,220	28,679	32,945	1,010,404
o/w fixed compensation[1]	1,014	1,189	5,026	338,874	42,257	45,943	10,920	15,519	460,742
o/w variable compensation	0	0	8,120	443,515	32,563	30,277	17,759	17,427	549,661
o/w cash	0	0	3,593	220,259	13,796	13,192	6,280	7,990	265,110
o/w share-linked instruments	0	0	2,323	128,717	4,063	4,303	2,339	3,187	144,932
o/w deferred compensation	0	0	3,593	216,979	9,970	12,012	5,943	7,574	256,071
o/w share-linked instruments	0	0	2,323	126,834	2,669	3,704	2,002	2,881	140,413
o/w other instruments	0	0	934	6,277	8,797	5,073	5,536	1,863	28,480
o/w share-linked instruments	0	0	934	6,277	8,797	5,073	5,536	1,863	28,480

(1) The fixed compensation includes the compensation paid in the 2021 year for the BNP Paribas SA 's director position.

(2) Subject to the approval of the Shareholders' Annual General Meeting of 17 May 2022 under the terms provided for by article L.22-10-34 II of the French Commercial Code.

(3) Including Group Legal as of this year.

(4) "Other" population: Investment & Protection Services pole.

On the EUR 550 million of total variable remuneration awarded for 2021 performance year to the Group MRT, only EUR 120 million is paid in cash in March 2022. The variable compensation balance is spread over up to 11 conditional instalments paid between December 2022 and September 2027 (depending on the deferred remuneration scheme applicable to each employee).

20 | For information, some lines do not appear in the tables compared to the regulatory templates as they contain no data. Furthermore, for the Executive Corporate Officers, their Long Term Incentive Plan is presented in fair value of the amount awarded.

Other elements relative to Group MRT compensation are the following (REM2):

In K€ excluding employer contribution	Executive Corporate Officers	Other identified staff
Guaranteed variable remuneration awards		
Guaranteed variable remuneration awards Number of identified staff[21]	0	37
Guaranteed variable remuneration awards Total amount	0	20,849
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0
Severance payments awarded during the financial year		
Severance payments awarded during the financial year - Number of identified staff	0	12
Severance payments awarded during the financial year - Total amount	0	5,871
of which paid during the financial year	0	5,871
of which deferred	0	0
of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0
of which highest payment that has been awarded to a single person	0	1,320

Deferred remuneration (REM3) :

In K€ excluding employer contribution	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years
MB Management function[22]					
cash-based	12,271	1,498	10,773	0	0
share-linked instruments or equivalent non-cash instruments	14,417	2,536	11,881	0	0
other instruments	4,293	0	4,293	0	0
Other identified staff					
cash-based	294,254	78,568	215,686	0	0
share-linked instruments or equivalent non-cash instruments	386,353	173,606	212,747	0	0
other instruments	84,978	13,924	71,054	-4,375	0
TOTAL	**796,566**	**270,132**	**526,434**	**- 4,375**	**0**

21 | Includes employees hired in the year who are identified as MRT taking into account this guaranteed variable remuneration (therefore subject to the CRD5 regulatory constraints on variable remuneration (deferral, indexation, variable/fixed ratio)).
22 | Remuneration granted to corporate officers during their directorship or in their previous position as employees

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COMPENSATION REPORT

In K€ excluding employer contribution	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Management function			
cash-based	-279	1,219	0
share-linked instruments or equivalent non-cash instruments	-280	2,256	1,106
other instruments	0	0	0
Other identified staff			
cash-based	-1,163	77,405	0
share-linked instruments or equivalent non-cash instruments	14,600	188,206	0
other instruments	0	9,549	0
TOTAL	**12,878**	**278,635**	**1,106**

Number of MRT Employees whose 2021 total remuneration exceeds EUR 1 million (REM4) :

Total compensation	NUMBER OF MRT
< €1 million	922
Between €1 and €1.5 million	161
Between €1.5 and €2 million	63
Between €2 and €2.5 million	33
Between €2.5 and €3 million	17
Between €3 and €3.5 million	6
Between €3.5 and €4 million	4
Between €4 and €4.5 million	4
Between €4.5 and €5 million	2
Between €5 and €6 million	1
Between €6 and €7 million	1

Among the employees whose remuneration exceeds EUR 1 million, 98 work in the United Kingdom, 87 in the United States, 36 in Asia, 58 in France and the remaining employees are located in 8 other countries.

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5 - QUANTITATIVE INFORMATION ON COMPENSATION PAID TO GROUP MRT IN 2021

In accordance with article L511-73 of the Monetary and Financial Code, the BNP Paribas Annual Shareholders' Meeting of 17 Mai 2022 will vote on a consultative basis in its nineteenth resolution, on the global amount of compensation paid in 2021 to employees identified as Group MRT in 2021.

These remunerations are, by definition, different from what is presented in paragraph 3 above, which reflects the compensations awarded in 2022 for 2021 financial year. Compensations actually paid out in 2021 refer to partial payments of variable compensation awarded between 2017 (for financial year 2016) and 2021 (for financial year 2020), for the portion payable in 2021 in accordance with applicable provisions.

The amount paid for these variable compensation awarded in previous years may be affected by a failure to achieve performance conditions and by fluctuations in the BNP Paribas share price between the award date and the payment date.

The amount of fixed compensation reflects the amount actually paid out in the year, taking into account any potential salary increases awarded during the year. Fixed compensation, awarded as set out above in section 3, reflects fixed compensation at 31/12/20201 considered on an annual basis.

Therefore, the total compensation paid out in 2021, subject to the consultation of General Shareholders Meeting, amounted to EUR 841 million.

Amount in k EUR million excluding employer contribution.

NUMBER OF EMPLOYEES CONCERNED	EXERCICE 2021	
	Amount of fixed compensation paid	Amount of variable compensation paid
1,214	440	401

Variable compensation paid includes:

Amount in k EUR million excluding employer contribution	2021	
	Award value	Payment value**
2020 bonus paid in the year	206	216
2019 deferred bonus	48	50
2018 deferred bonus	43	49
2017 and before	64	60
2017 Group loyalty scheme	19	11
Other components of variable compensation*	15	15
TOTAL	395	401

Most of the increase in the payment value compared to the award value on the various instalments is related to the increase in the share price for payments in September 2021.

* sign-on bonuses, buyout awards, collective profit sharing schemes, etc.
** the difference between the award value and the payment value results from the partial indexation of variable compensation to the BNP Paribas share price and from performance conditions.

(l) The following new section entitled "Climate Analytics and Alignment Report" shall be added immediately before the Section 13 entitled "Sustainability Accounting Standards Boards (SASB)" on pages 868 to 869:

"13 Climate Analytics and Alignment Report

As part of BNP Paribas' 2025 strategic plan, the Group unveils on 3 May 2022 its first 'Climate Analytics and Alignment Report' highlighting its commitment to a net zero economy.

The Report includes a series of financed carbon emissions intensity reduction targets for three key sectors (from 2020 baseline): power generation (a reduction of at least 30% by 2025), upstream oil and gas and refining (a reduction of at least 10% by 2025), and Car manufacturers (a reduction of at least 25% by 2025).

In order to achieve its objective of aligning its portfolio for the oil and gas sector, the Group plans by 12% its credit exposure to the upstream oil and gas industry by 2025 (from 2020 baseline) and by 25% its credit exposure to the upstream oil industry by 2025."

(m) Section 13 entitled "Sustainability Accounting Standards Boards (SASB)" on pages 868 to 869 shall be deleted in its entirety and replaced with the following:

"14 Sustainability Accounting Standards Boards (SASB)

The table below considers Sustainability Acccounting Standards Board (SASB) codified standards for the category 'Commercial Bank'. Noting that SASB standards present, at this juncture, a US-focused approach to defining criteria, this table represents a best efforts basis outlining where the information and data mapping in substance to SASB metrics for 'Commercial Bank' can be found in our 2021 existing disclosure. Note that this mapping has not been audited."

Disclosure Topic	SASB Accouting Metric	SASB Metric code	References of available information and data in Universal Registration Document and Annual Financial Report 2021
Data security	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	Chapter 2.4 Internal Control: p115 to 125, in particular p123 “Management of risks related to information & communication technologies and data protection” Chapter 5.9 Operational risk: p501-502 “Cyber security and technology”
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	Chapter 7.2 Our economic responsibility: p 588-589 "Commitment 1: Investment and financing with a positive impact", p590-591 "Financing Entrepreneurship for impact" Chapter 5.4 Credit Risk: p365 table 25 “Gross credit risk exposure by asset class and Approach”, p433 table 57 “Loans and advances subject to public guarantee schemes” Chapter 7.4 Our civic responsibility: p623 "Commitment 7: Products and services that are widely accessible - Financial Inclusion: the Group's support to microfinance"
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	Chapter 5.4 Credit Risk: p415 table 49 “Performing and Non-Performing Exposures & related provisions (EU CR1)”, p433 table 57 “Loans and advances subject to public guarantee schemes”
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	Chapter 7.4 Our civic Responsibility: p623 to 625 "Commitment 7 : Products and services that are widely accessible" - "Financial Inclusion: the Group's support to micro finance", “Customers experiencing financial difficulties and access to credit” , “Financial education programs and support to young people”
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	Chapter 5.4 Credit Risk: p378 to 381 table 30 “Credit risk exposure by industry (EU CRB-D)
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	Chapter 5.4 Credit Risk: p368 “Credit Risk Management Policy - Corporate Social and Environmental Responsability (CSR)” Chapter 7.2 Our economic responsibility: p596 to 601 "Commitment 3: Robust management of environmental, social and governance risks (ESG) Chapter 7.5 Our environmental responsibility: p631 to 634 "Commitment 10: Enabling our clients to transition to a low-carbon economy, respectful of the environment" Chapter 7 Climate-related issues management summary: p583-584,588-589, 598-599, 622, 624, 630, 633-634, 636-639
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	Chapter 4.6 Notes to the financial statements prepared in accordance with IFRS9 as adopted by the European Union: p266-267 Note 7.b "Legal proceedings and arbitration" Chapter 2.4 Internal Control: p115 to 125, in particular p120-121 “Compliance”, p122 “Legal”, p122-123 “Risk and Permanent control” and p124-125 “Periodic control”
	Description of whistleblower policies and procedures	FN-CB-510a.2	Chapter 7.2 Our economic Responsibility: p592 "Commitment 2: Ethics of the highest standard"

Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	p. 80 of the First amendment to 2021 URD https://invest.bnpparibas/en/document/disclosure-for-g-siis-indicators-as-of-31-december-2021
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Chapter 5.2 "Capital adequacy and capital planning: p 325 "Pillar 2 requirements" Chapter 5.3 Risk Management: p357 to p364 in particular "Stress testing" Chapter 5.4 Credit Risk: p371 "Credit risk stress testing" Chapter 5.6 Counterparty credit risk: p 452 "Stress tests and wrong way risk" Chapter 5.7 Market risk: p475 "Market risk stress testing framework" Chapter 5.8 Liquidity risk: p485-486 "Stress tests and liquidity reserve"
Activity metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	Chapter 1.4 Presentation of operating divisions and business lines: p7 to p18 Chapter 6 Notes to the parent company financial statements: p545 note 3.b “Customer items”
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	Chapter 5.4 Credit risk: p415 table 49 “Performing and Non-Performing Exposures & related provisions (EU CR1)” "; and

(n) Section 14 entitled "Documents Incorporated by Reference" on pages 870 to 875 shall be deleted in its entirety and replaced with the following:

" 15 DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to Annex I of Commission Delegated Regulation (EU) No 2019/980 of 14 March 2019 as it forms part of UK domestic law by virtue of the EUWA and regulations made thereunder, the following items are incorporated by reference:

- The sections set out below from the Registration Document No. D.21-0886 filed with the AMF on 2 March 2021 (which is available via the following link: https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2020);

The consolidated financial statements for the year ended 31 December 2020	Pages 161-271
The Statutory Auditors' report on the consolidated financial statements at 31 December 2020	Pages 272-277

- The sections set out below from theRegistration Document No. D.20-0097 filed with the AMF on 3 March 2020 (which is available via the following link: https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2020);

The consolidated financial statements for the year ended 31 December 2019	Pages 149–258
In relation to financial statements for the year ended 31 December 2019, the auditors have emphasised certain matter which described in fuller detail in explanatory notes on Note 1.a.1. This is in relation to the description of the impact on the consolidated financial statements for the year ended 31 December 2019 of the application of IFRS 16 "Leases"	Pages 158 to 159
In relation to financial statements for the year ended 31 December 2019, the auditors have emphasised certain matter which described in fuller detail in explanatory notes on Note 2. This is in relation to the description of the impact on the consolidated financial statements for the year ended 31 December 2019 of the application of IFRS 16 "Leases"	Pages 178 to 179
The Statutory Auditors' report on the consolidated financial statements at 31 December 2019	Pages 259-264

- The sections set out below from the Registration Document No. D.19-0114 filed with the AMF on 5 March 2019 (which is available via the following link: https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2019);

The consolidated financial statements for the year ended 31 December 2018	Pages 149–269
In relation to financial statements for the year ended 31 December 2018, the auditors have emphasised certain matter which described in fuller detail in explanatory notes on Note 1.a.1. This is in relation to the description of the impact on the consolidated financial statements for the year ended 31 December 2018 of the changes in presentation and the application of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".	Pages 158 to 159
In relation to financial statements for the year ended 31 December 2018, the auditors have emphasised certain matter which described in fuller detail in explanatory notes on Note 2. This is in relation to the description of the impact on the consolidated financial statements for the year ended 31 December 2018 of the changes in presentation and the application of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".	Pages 177 to 187
The Statutory Auditors' report on the consolidated financial statements at 31 December 2018	Pages 270-276

Any information included in the documents incorporated by reference that is not included in each cross reference lists above is not incorporated by reference and the non-incorporated parts are either not relevant for the investor or covered elsewhere in this Universal Registration Document.

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.

Annual financial report	Page
Statement by the person responsible for the universal registration document filed with the Autorité des Marchés Financiers on 25 March 2022	**688**

Management report

The cross-reference table below makes it possible to identify in the universal registration document filed with the Autorité des Marchés Financiers on 25 March 2022 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[1]

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)	132-160; 180-289; 532-570
▪ Objective and comprehensive analysis of business performance, results and the financial position of the Company and Group (L.22-10-35 and L.225-100-1 I of the French Commercial Code)	132-160; 180-289; 532-570
▪ Key financial and non-financial performance indicators for the Company and Group (L.22-10-35 and L.225-100-1 I of the French Commercial Code)	132-175; 582-583; 589
▪ Foreseeable developments of the Company and Group (L.232-1 II and L.233-26 of the French Commercial Code)	157-160
▪ 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)	669
▪ 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)	570
▪ 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)	7-18; 132-156
▪ Existing Company branches (L.232-1 II of the French Commercial Code)	670-676
▪ Information on Company locations and businesses (L.511-45 and R.511-16-4 of the French Monetary and Financial Code)	281-289; 670-676

[1] *Information on events after the Board of directors' meeting of 7 Febrary 2022 is not included in the management report.*

II. Risk factors and characteristics of internal control procedures[1]

Information (reference texts)	**Page**
▪ Description of the main risks and contingencies faced by the Company and Group (L.22-10-35 and L.225-100-1 I of the French Commercial Code)	305-323
▪ 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)	124
▪ Objectives and policy for hedging each main transaction category by the Company and Group (L.22-10-35 and L.225-100-1 I of the French Commercial Code)	476-480
▪ Exposure to price, credit, liquidity and cash flow risks of the Company and Group (L.22-10-35 and L.225-100-1 I of the French Commercial Code)	365-498
▪ 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)	126-130

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)	19-20
▪ Name of companies controlled and share of the Company's share capital held by them (L.233-13 of the French Commercial Code)	281-289
▪ Employee share ownership status (L.225-102 of the French Commercial Code)	19-20
▪ 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)	111-113; 264; 547
▪ 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)	110

IV. Other accounting, financial and legal information

Information (reference texts)	**Page**
▪ Information on payment terms (L.441-14 and D.441-6 of the French Commercial Code)	549
▪ 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)	23
▪ 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

[1] *The information on the Russian invasion of Ukraine in February 2022 included in Pillar 3 subsequent to the Board of directors' approval of the financial statements is not included in the management report.*

▪ 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)	354

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)	580-663
▪ Information on the effects of the Company's activity with respect to respect for Human Rights and the fight against corruption and tax evasion (L.22-10-36 and R.225-105 of the French Commercial Code)	592-593; 642-649
▪ 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 favour of people with disabilities (L.22-10-36, L.225-102-1 and R.225-105 of the French Commercial Code)	580-666
▪ 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)	602-621
▪ 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)	650-651
▪ 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
▪ Taxonomic information / Article 8 of Regulation (EU) 2020/852 "Taxonomy"	655-658
▪ Vigilance plan (L.225-102-4 of the French Commercial Code)	642-646

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)	81-87
▪ Information on the remuneration and benefits in kind of the directors and corporate officers	87-102
▪ 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)	103
▪ List of all directorships and positions held in any company by each director and corporate officer during the year (L.22-10-10 and L.225-37-4 1° of the French Commercial Code)	35-50
▪ Agreements entered into by one of the Company's directors or corporate officers and a subsidiary of the Company (L.22-10-10 and L.225-37-4 2° of the French Commercial Code)	51

2. Strategic Plan Press Release

BNP Paribas has released a press release dated 9 March 2022 relating to the presentation of its 2025 Strategic Plan (the "**Strategic Plan Press Release**").

Paris, 9 March 2022

PRESS RELEASE

BNP PARIBAS - UPDATE REGARDING THE AGENDA OF THE INVESTOR DAY

Given the gravity of the current situation and the humanitarian impacts of the aggression against Ukraine, BNP Paribas Group has decided to postpone the presentations that were scheduled for 14 March 2022 for the purpose of detailing its business lines' projects and initiatives in the context of its 2025 strategic plan. These presentations will be rescheduled by the summer in a more appropriate context.

On 8 February 2022, the Group presented the main axes and priorities of its 2025 strategic plan and related financial ambitions. This presentation is available on the investor website at https://invest.bnpparibas.com.

Based on an initial and overall analysis of the medium- and long-term impacts of current events, BNP Paribas confirms the Group's overall financial objectives for 2025 as presented on 8 February 2022[1], given the margins of prudence taken initially in the plan. In this environment, the Group benefits more than ever from the demonstrated resilience and ability to adapt of its diversified and integrated model and from the quality of its risk profile.

With its 2025 Strategic Plan, the Group and all its teams are mobilised to pursue its development in support of customers and society as a whole over time and in all environments.

The gross exposures off- and on-balance sheet on Ukraine and Russia[2] are limited. They amounted for Ukraine, to 0.09% of the Group's total commitments[3] (around 1.7 billion euros) and, for Russia to 0.07% (around 1.3 billion euros) at 31 December 2021. Considering the way BNP Paribas operates in those two markets and secures its activities with guarantees and collaterals at a high level, the net residual combined exposures of BNP Paribas for Russia and Ukraine stand at around 500 million euros.

Furthermore, the Group rigorously and diligently ensures the implementation of the requisite measures for the full application of international sanctions and public authorities' decisions as soon as they are issued.

The Group closely monitors developments in Russia and Ukraine and is fully mobilised to support customers and all employees to the extent possible. In particular, the Group has done everything within its power to provide for the support and safety of its employees in Ukraine, where the Group operates through Ukrsibbank in partnership with the EBRD. BNP Paribas also mobilised 10 million euros to support the actions towards Ukraine of UNHCR, the Red Cross and Doctors Without Borders. It also opened the Rescue & Recover Fund to collect donations from employees and doubles them.

***

[1] See appendix

[2] Gross commitments, off- and on-balance sheet, on and off-shore, for all Group's businesses, on counterparties whose cash flows are largely dependent on Ukraine (respectively Russia) whatever their country of incorporation – including counterparty risk (Effective Expected Positive Exposure for derivatives)

[3] Gross commitments, on- and off-balance sheet, unweighted

Appendix

As stated above, based on an initial and overall analysis of the medium- and long-term impacts of current events, BNP Paribas confirms the Group's overall financial objectives for 2025 as presented on 8 February 2022, given the margins of prudence taken initially in the plan. In this environment, the Group benefits more than ever from the demonstrated resilience and ability to adapt of its diversified and integrated model and from the quality of its risk profile.

These overall financial objectives for 2025 are as follows:

- On average, the Group's objective is revenue growth of more than 3.5% annually[4] with a positive jaws effect of more than 2 percentage points[5] on average.
- The Group is thus targeting average annual growth in net income of more than 7% throughout the period, thus raising its ROTE to more than 11%, while maintaining a target CET1 ratio of 12% in 2025, including the full impact of the Basel 3 finalisation (CRR3), and of 12.9% in 2024[6].
- The Group's targeted ordinary pay-out ratio stands at 60%, including a minimum cash pay-out of 50%[7].

These objectives continue to apply on the Group perimeter without Bank of the West's contribution.

Finally, the Group confirms that the Board of Directors will propose to the shareholders' Annual General Meeting on 17 May 2022 to pay out a dividend of 3.67 euros in cash, equivalent to a 50% pay-out ratio of 2021 results. This payment will raise the total pay-out on the year 2021 to 60%, when factoring in the 900 million euro share buyback program executed between 1 November 2021 and 6 December 2021, which was equivalent to a 10% pay-out ratio on 2021 results.

About BNP Paribas

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 65 countries and has nearly 190,000 employees, including nearly 145,000 in Europe. The Group has key positions in its three main fields of activity: Commercial, Personal Banking & Services for the Group's commercial & personal banking and several specialised businesses including BNP Paribas Personal Finance and Arval ; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, Eastern Europe as well as via a large network in the western part of the United States. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

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[4] 2021-2025 CAGR of revenues

[5] 2021-2025 CAGR of revenues less 2021-2025 CAGR of operating expenses

[6] Return on tangible equity with the full impact of the finalisation of Basel 3 (CRR3); trajectories based on known regulatory constraints and on the full impact arising from the finalisation of Basel 3 (CRR3), estimated by the Group at 8% of risk-weighted assets in 2025

[7] Subject to the approval of the Annual General Meeting

3. RESPONSIBILITY STATEMENT

BNP Paribas accepts responsibility for the information contained in the fourth amendment to the 2020 Universal Registration Document filed with the FCA on 15 June 2022. To the best of the knowledge of BNP Paribas, the information contained in such fourth amendment to the 2020 Universal Registration Document is in accordance with the facts and contains no omission likely to affect its import.