Creditreform Bank Rating

BNP Paribas S.A. (Group)

Creditreform Rating

Rating Object	Rating Information	
BNP Paribas S.A. (Group)	Long Term Issuer Rating / Outlook: **A / stable**	Short Term: **L2**
Creditreform ID: 662042449	Type: Update / Unsolicited	
Rating Date: **11 July 2024** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): **A** Non-Preferred Senior Unsecured (NPS): **A-** Tier 2 (T2): **BBB-** Additional Tier 1 (AT1): **BB+**	

Rating Action

Creditreform Rating affirms BNP Paribas' (Group) Long-Term Issuer Rating at A (Outlook: stable)

Creditreform Rating (CRA) affirms BNP Paribas' (Group) Long-Term Issuer Rating at A. The rating outlook is stable.

CRA affirms BNP Paribas' Preferred Senior Unsecured Debt at A, Non-Preferred Senior Unsecured Debt at A-, Tier 2 Capital at BBB- and AT1 Capital at BB+.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

- One of the largest banks in Europe with G-SIB status
- Satisfactory earnings profile; moderate but improving profitability should prospectively benefit from the implementation of the 2025 strategic plan and resulting efficiency gains
- Sufficient capitalisation although cash dividends and stock buybacks are expected to drive a gradual decline of BNP's CET1 ratio over the next years
- Sound liquidity position as indicated by an LCR and NSFR well above the regulatory minimum thresholds

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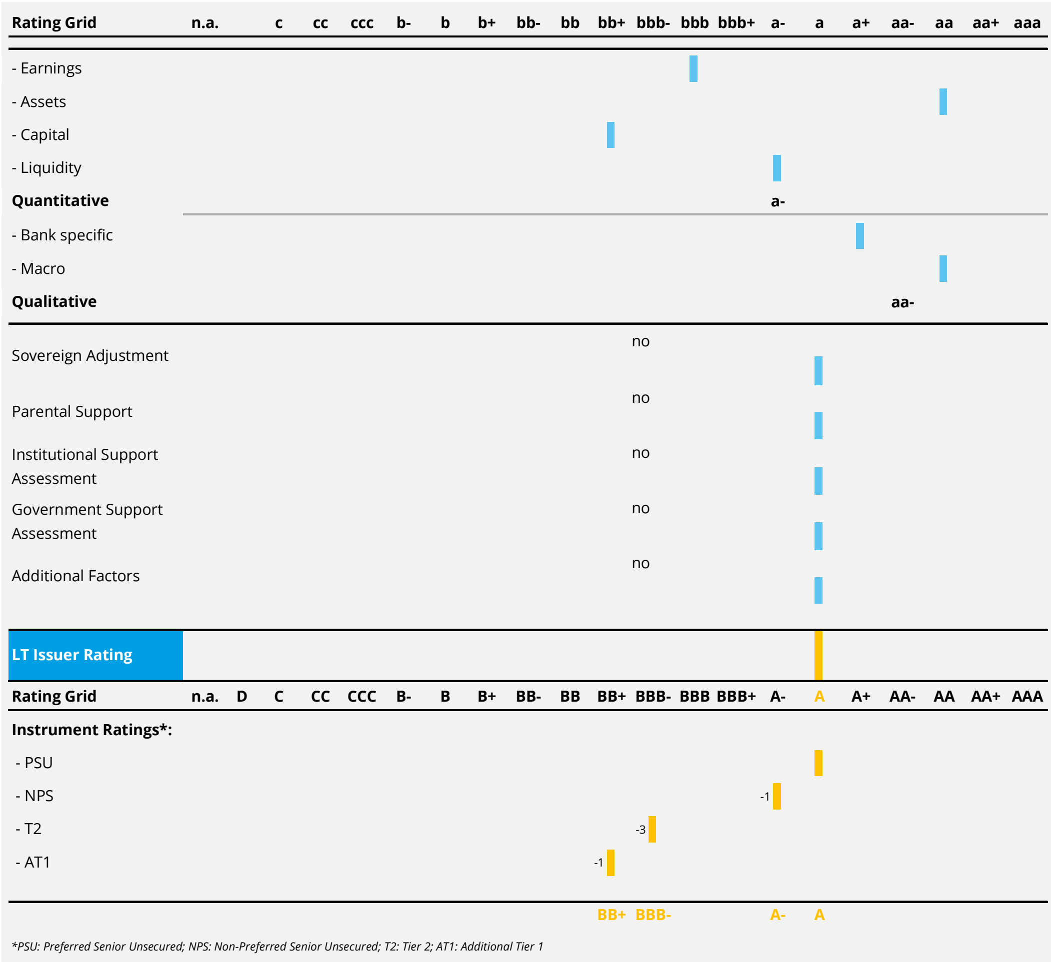
Executive Summary



The rating of BNP Paribas is prepared on the basis of group (BNP Paribas S.A.) consolidated accounts.

The Long-Term Issuer Rating of BNP Paribas S.A. has been affirmed, reflecting strong asset quality, improving but moderate profitability in 2023, good liquidity, as well as adequate capitalisation.

Company Overview

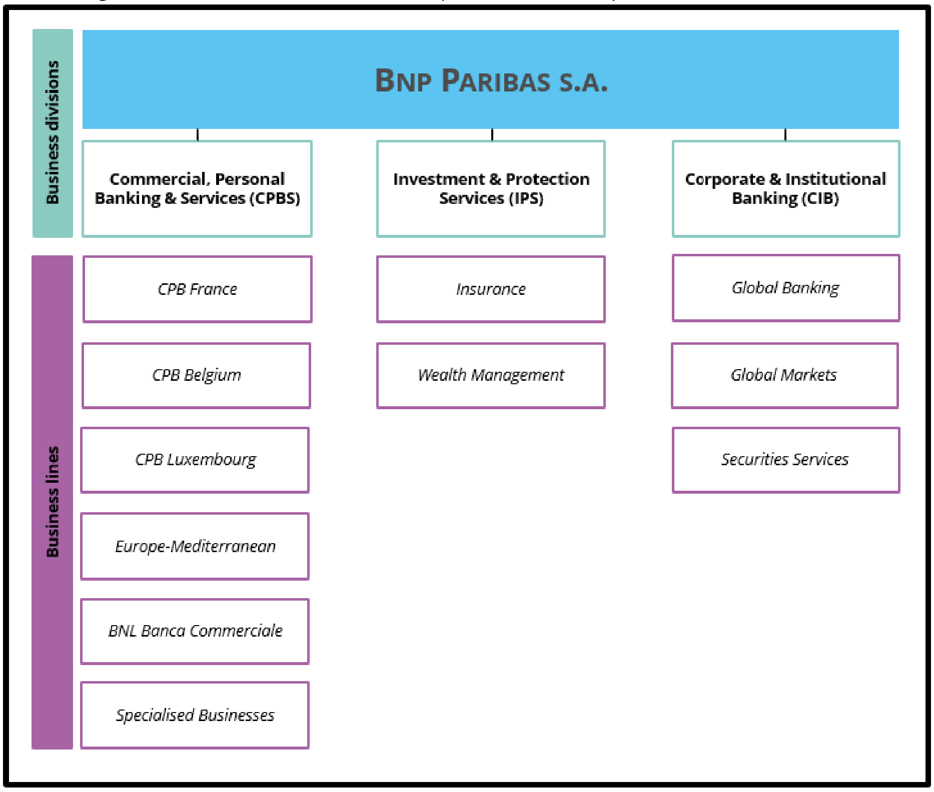
BNP Paribas S.A. is a French global systemically important bank (G-SIB). With total assets of EUR 2.59tn, BNP was the largest bank in the euro area as of year-end 2023. In total, the Bank is represented in 63 countries around the world and the group employs approximately 183,000 employees.

BNP Paribas operates three business lines: *Commercial, Personal Banking & Services (CPBS)*; *Investment & Protection Services (IPS) and Corporate & Institutional Banking (CIB)*. The *CPBS* business includes French Retail Banking and International Retail Banking, it brings together the BNP retail-banking networks and several specialised businesses, particulary in leasing, personal finance and mobility.

The *IPS* division brings together four specialised business lines offering a wide range of savings, investment and protection solutions. Total assets under management of the division stood at EUR 1.236tn in 2023. BNP Paribas Cardif is an expert in global life insurance with about 500 distribution partners. BNP Paribas Asset Management is ranked the tenth largest asset manager in Europe. BNP Paribas Wealth Management is a leading global private bank with around EUR 415bn assets under management as of year-end 2023. BNP Paribas Real Estate focuses on property investment and management.

The *CIB* division offers tailored financial solutions for corporate and institutional clients, including capital markets issuance, financing, risk management and hedging. The *CIB* division operates in 53 countries with 40,000 employees.

Chart 1: Organisational Structure BNP Paribas S.A.| Source: Annual Report 2023



BNP Paribas is currently the implementation phase of its 2025 strategic plan. The strategy focuses on three main aspects: growth, technology and sustainability. Growth means to continue to develop profitable growth by leveraging the Group's leading positions in Europe. Technology for optimized client/employee experiences and operating efficiency. Sustainability should be guaranteed by mobilizing the Group's businesses on sustainable finance issues.

Financial targets outlined in the 2025 strategic plan were recently confirmed. Moderate revenue growth coupled with cost savings of EUR 2.3bn should translate into a RoTE bewteen 11.5% and 12% by 2025 (2023: 11.0%). Profitability should also be bolstered by the gradual redeployment of capital released by the disposal of BancWest. The sale of BancWest, which closed on 1 February 2023, generated USD 16.3bn in cash.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

BNP's financial result increased in 2023, however, this was largely explained by a material increase of net income from discontinued activities reflecing transaction proceeds from the sale of BancWest (see below). Meanwhile, the bank's operating result slightly declined as cost growth outpaced operating income.

Above all, declining net interest income curbed revenue growth. Overall, net interest income fell 9% yoy, reflecting a sharp decline in net income on interest rate portfolio hedge instruments and a lower loan balance in the *CPBS* division. Net fee and commission income, the bank's second most important revenue driver, also came in lower than in 2022 (-3.4% yoy). Asset management and other service fees that account for the bulk of BNP's fee income, fell by 4.5% yoy. By contrast, strong net trading income bolstered revenues and increased by 11.1% yoy Benefitting from a brightening capital market environment in 2023, BNP realized significant fair value gains on equity and debt instruments in its held-for-trading portfolio. Insurance activities also contributed positively to revenue growth aided by a strong business performance in France. As a result, operating income grew by 1.1% yoy.

Turning to operating expenses, BNP reported a modest increase in 2023 (+5.4% yoy). Costs for personnel, the banks most significant expense item, were up up 5.3% yoy, reflecting still elevated inflation in the euro area. In addition, contributions to the single resolution fund (1.0bn), costs associated with the repositioning of the Personal Finance business (EUR 0.3bn), as well as spending on restructuring and IT reinforcement amounting to EUR 0.6bn contributed to expense growth.

BNP booked higher provisions for credit risk and other risks on financial instruments. The corresponding charges came in at EUR 3.7bn in 2023, up from EUR 3.0bn in the previous year. While BNP released some EUR 0.5bn on non performing loans, the bank's cost of risk was driven up by an 775mn extra expense on provisions for Polish mortgage loans, receivables and for litigation in the Personal Finance division.

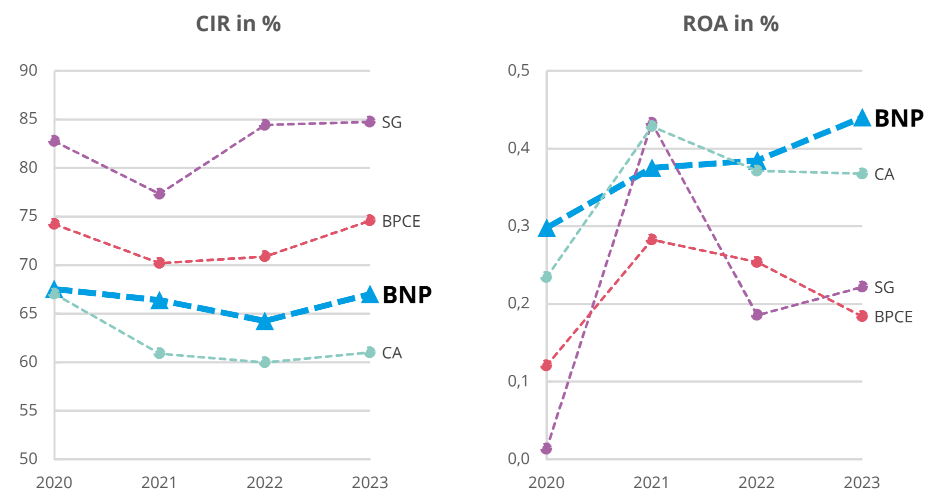
As a result, pre-tax profit slipped to EUR 11.7bn (-11.3% yoy). However, a lower income tax burden and income from discontinued operations – namely a EUR 2.95bn capital gain on the sale of BancWest – had a positive impact of considerable magnitude on the bank's bottom line. Net income stood at EUR 11.4bn in 2023 after EUR 10.2bn in 2022, equivalent to a 11.3% increase.

Adjusted for the gain from the sale of BancWest (booked in Q1-23) and one-off expenses for the Single Resolution Fund, BNP reported flat revenues and a 2.2% decline of distributablenet income in Q1-24. For fiscal 2024, the bank expects low single-digit revenue growth and distributable net income somewhat above 2023 levels backed by further cost savings.

Despite year-on-year improvements on the back of stronger net profits, BNP's profitability remains moderate as indicated by an earnings score of 'bbb'. Return on asset (RoA) and on equity (RoE) rose to 0.44% and 8.85%, respectively. BNP's cost efficiency continues to be average. According to our calculation, the bank's cost income ratio (CIR) increased somewhat to 67% (2022: 64.3%) last year. Helped by positive jaws effect from anticipated revenue growth, BNP targets to lower its CIR to around 60% by 2025.

Compared to domestic competitors, BNP displayed the second lowest CIR last year, the ratio was significantly better than Societe Generale's and Groupe BPCE's. The distance to best-in-class G-SIBs such as Banco Santander, which operated with a CIR close to 50% in 2023, remains nevertheless considerable. On a positive note, BNP's RoA – a key profitability metric in our rating assessment - tended to be stronger and less volatile than those of comparable French banks in the recent years.

Chart 2: CIR and ROA of BNP Paribas in comparison to the peer group | Source: eValueRate / CRA



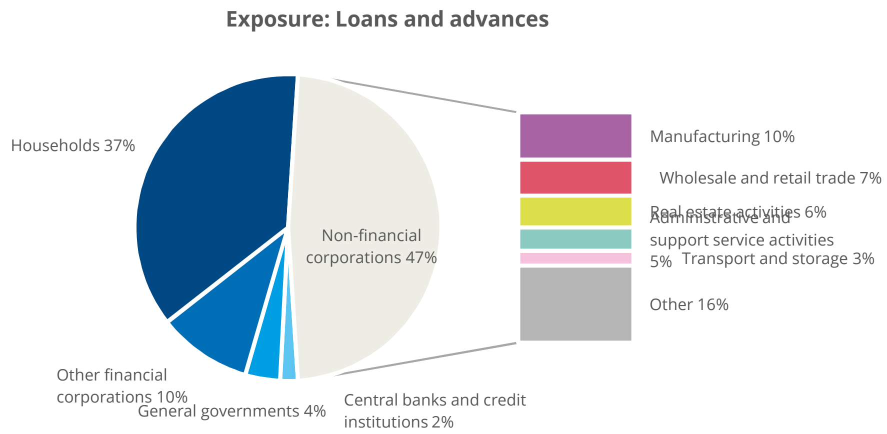
Asset Situation and Asset Quality

BNP's total assets contracted by a modest 2.7% in 2023, driven by a sharply reduced cash position and lowered loan balances with banks. While the size of the bank's customer loan book remained broadly unchanged, the carrying value of the securities portfolio

The geographical distribution of BNP's on-balance sheet exposures mirrors the banks global footprint. Alongside the French market, which accounts for about 1/3 of the banks exposure, Belgium (12%) and Italy (10%) stand out, where BNP runs sizeable operations through its subsidiaries Banca Nazionale del Lavoro and BNP Paribas Fortis. The majority of the remaining exposure is located in other European countries and North America.

Retail mortgages in France and Belgium constitute the largest part of BNP's lending to households. Given that most mortgages are amortizing and are extended at fixed-rates, risks associated with these activities are fairly low in our view. Non-financial corporations account for 47% of the banks loan portfolio. Thus, BNP's lending operations are more business-oriented than those of its domestic peers. Exposures are well diversified by industry, BNP provides most credit to manufacturing (10%), real estate activities (7%) and wholesale/retail trade (7%). Lending segments that typically face elevated credit risk during an economic downturn are of moderate size. Leveraged finance (EUR 10.1bn) and commercial real estate exposures (EUR 60.4bn) are primarily concentrated in Europe and accounted for a manageable 4.6% of the group's exposure at default as of Q3-23.

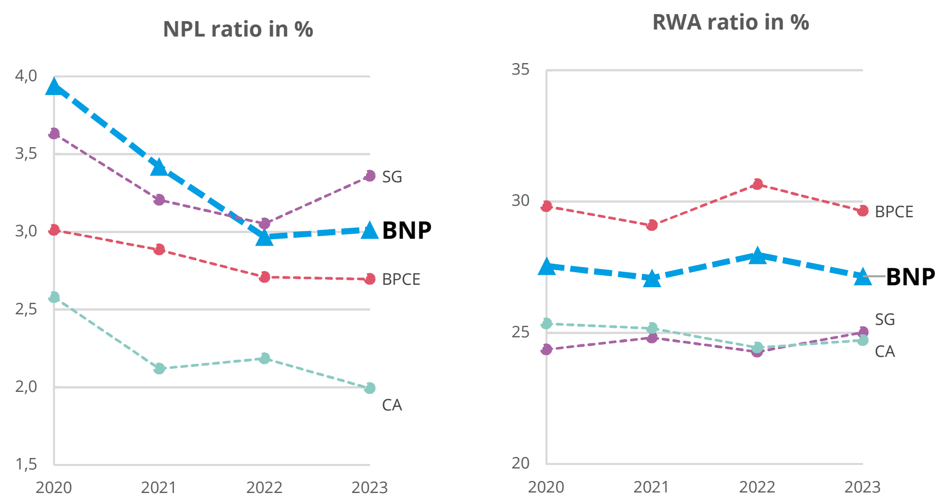
Chart 3: Credit Risk | Source: Pillar III



Asset quality remained resilient in fiscal 2023. The bank's NPL ratio stabilized at 2.9%, while the potential problem loan ratio (Stage 2) fell from 10.2% to 8.5%. Meanwhile, cost of risk inched up to 42bp, (2022: 35bp), mirroring additional provisioning related to the moratorium of Polish mortgage loans and litigations. The RWA ratio remained low at 27.2%, underpinning the bank's moderate risk appetite. Most of the bank's RWA's can be sourced to the *CPBS* and *CIB* divisions, which account for about 1/3 of total RWAs each.

With regard to its RWA ratio, BNP positions itself in the middle of large French banking groups. Differences in the banks' RWA ratios are largely explained by the varying degree of assumed credit risk. BNP's NPL ratio is at reasonable level, we note that it remains elevated compared with French mutual banking groups, but also with a broader peer group of European G-SIBs.

Chart 4: NPL and RWA ratios of BNP Paribas in comparison to the peer group | Source: eValueRate / CRA



Refinancing, Capital Quality and Liquidity

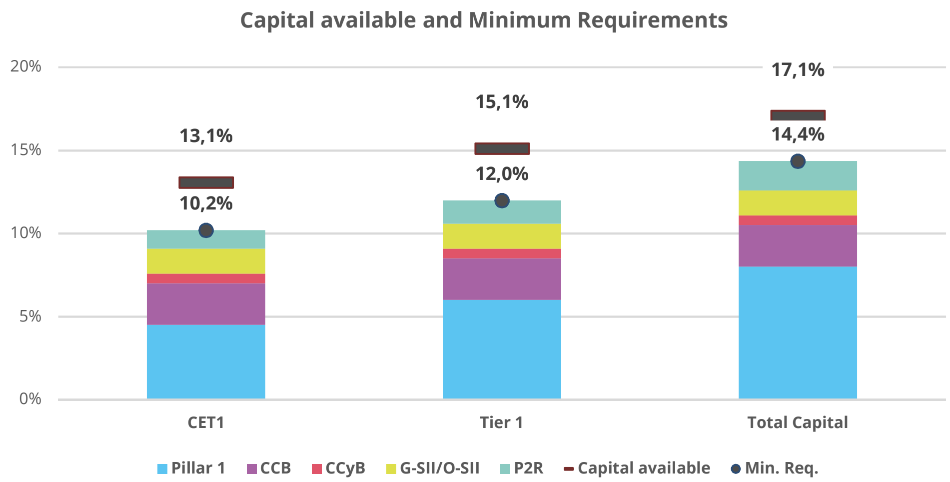
Customer deposits are BNP's predominant funding source (2023: 48% of financial liabilities). In general, we believe that the stability of the banks funding benefits from its access to a granular and diversified customer deposit base spanning several European countries such as France, Belgium and Italy.

BNP reduced its interbank borrowings from banks by EUR 49bn or 42% in 2023, a decline which was entirely explained by a massive EUR 68bn repayment of TLTRO III refinancing with the European Central Bank (ECB), as this funding instrument became more expensive. As of year-end 2023, BNP's TLTRO III balance amounted to EUR 18bn.

BNP regularly resorts to capital markets in order to fund its balance sheet. As of year-end 2023, debt accounted for 15% of the banks financial liabilities. We note that BNP's medium and long term debt maturities are well staggered and the bank has issued debt in various foreign currencies. Split by currency, about 48% of debt obligations are denominated in EUR, 40% in USD, with the remainder consisting of JPY, GBP, AUD and other FX debt. For 2024, the bank plans to issue approximately EUR 18.5bn of new senior debt instruments. By the end of May, the bank had already issued EUR 10.2 billion of preferred and non-preferred debt and thus already achieved more than half of its issuing target.

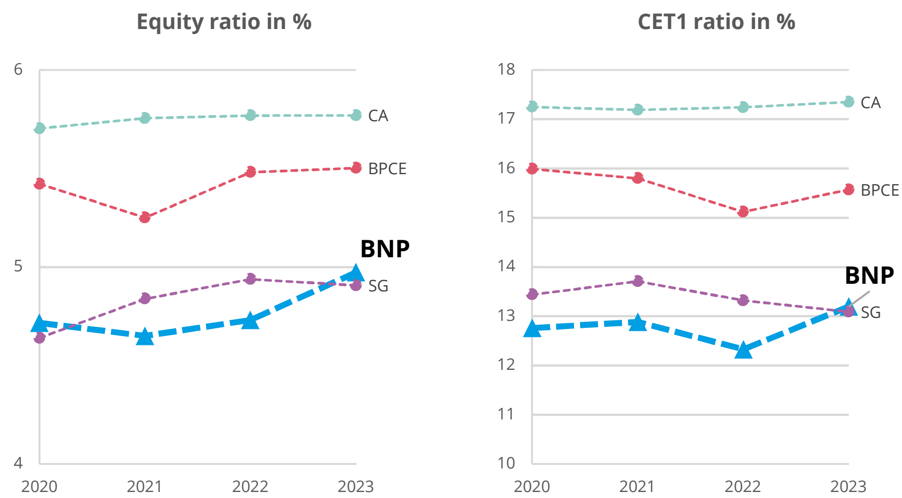
BNP's CET1-ratio increased from 12.3% to 13.2% last year. This was mainly a result of the sale of BankWest in February 2023. Net of share buybacks and redeployed capital, the transaction-lifted BNP's CET1 ratio by 100bp given the associated RWA relief ofEUR 47.9bn. The bank's regulatory minimum requirement for CET1 stood at 9.79% at the end of 2023, including a 1.5% G-SIB buffer. Applying from Q1-24, BNP has to meet a higher CET1 minimum requirement of 10.2%, as the ECB raised its P2R-requirement from 0.88 to 1.11%. Given the bank's CET1 ratio of 13.07% in Q1-24, BNP had a CET1 buffer of 287bp to absorb unexpected losses. Although BNP's capitalisation is adequate in our view, it receives the weakest subscore within the bank's rating assessment. Looking aheard, capital distributions and Basel III endgame refoms are expected to exert some downward pressure on BNP's capital ratios. According to the bank's capital planning, the CET1 ratio should gradually decline to 12.0% by 2025.

Chart 5: Regulatory Capital Ratios and Minimum Requirements as per Q1-24| Source: eValueRate / CRA / Pillar III / Other



Both BNP's regulatory capital metrics, as well as its equity ratio (2023: 5.0%) compare relatively low to its French peers. In particular, the French mutual banking groups display significantly higher capital ratios.

Chart 6: Equity and CET1 ratios of BNP Paribas SA in comparison to the peer group | Source: eValueRate / CRA / Pillar III



We view BNP's liquidity position as sound. The bank runs a structural liquidity surplus and net loans to customer are well covered by customer deposits. The group's regulatory liquidity coverage ratio (LCR) stood at 136.5% at the end of 2023, corresponding to a liquidity surplus of EUR 109bn. Central bank deposits account for the bulk of BNP's liqudidity, followed by government bonds. At 116%, BNP's net stable funding ratio (NSFR) also exceeded the regulatory minimum of 100% comfortably.

Due to BNP's bank capital and debt structure, as well as its status as a G-SIB, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, BNP's Non-Preferred Senior Unsecured debt is rated A-. BNP's Tier 2 Capital is rated BBB- based on the BNP's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BB+, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Creditreform Bank Rating
Environmental, Social and Governance (ESG) Bank Grade
BNP Paribas SA (16, boulevard des Italiens, 75009 Paris)

BNP Paribas SA has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to BNP's strong and sustainable earning figures in recent years.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to BNPs leading position in green finance, Coporate Behaviour is rated negative due to past misdeeds, e.g. circumventing economic sanctions, breaking US law leading to a record settlement, amongst others.

ESG Bank Grade

3,8 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
Environmental	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	2	(+ +)
Environmental	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
Social	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
Governance	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	3	(-)
Governance	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of BNP Paribas is stable. In the medium term, CRA expects a gradual improvement of the banks intrinsic earnings power on the back of moderare revenue growth, ongoing efficiency initiatives and capital deployment following the BancWest sale. Asset quality should stabilize at current levels, or at least only deteriorate moderately. While we expect BNP to maintain sound liquidity buffers above regulatory requirements, the banks already relatively narrow capital buffer is likely to decline further due to a combination of organic business growth, stock buybacks and dividend payments. By 2025, the banks CET1 ratio is expected to reach 12.0%.

Scenario Analysis

Best-case scenario: A+

Worst-case scenario: BBB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A+ in the "Best-Case-Scenario" and a Long-Term Issuer Rating of BBB+ in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade BNP's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if bank achieves a notable and sustainable improvement of its earnings power. In the same vein, a strengthening of regulatory metrics and the associated buffers above the minimum requirements, could trigger a rating upgrade. At the same time, asset quality and liquidity should not deteriorate materially.

By contrast, a downgrade of BNP's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see a significant erosion of asset quality and/or earnings power, for example due to a sharp economic downturn and heightened costs of risk. Likewise, a downgrade might be warranted if the capital situation significantly worsens beyond our current expectations.

Appendix

Bank ratings BNP Paribas S.A.

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A / L2 / stable**

Bank Capital and Debt Instruments Ratings BNP Paribas S.A.

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **A**
Non-Preferred Senior Unsecured (NPS): **A-**
Tier 2 (T2): **BBB-**
Additional Tier 1 (AT1): **BB+**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	14.06.2018	A- / stable / L2
Rating Update	18.11.2019	A- / stable / L2
Monitoring	24.03.2020	A- / NEW / L2
Rating Update	26.11.2020	A- / stable / L2
Rating Update	02.11.2021	A- / positive / L2
Rating Update	06.12.2022	A / stable / L2
Rating Update	27.10.2023	A / stable / L2
Rating Update	11.07.2024	A / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	14.06.2018	A- / BB+ / BB
PSU / NPS / T2 / AT1	18.11.2019	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	24.03.2020	A- / BBB+ / BB+ / BB (NEW)
PSU / NPS / T2 / AT1	26.11.2020	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	02.11.2021	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	06.12.2022	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	27.10.2023	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	11.07.2024	A / A- / BBB- / BB+

Subsidiaries of the Bank	Rating Date	Result
Banca Nazionale del Lavoro SpA		
LT / Outlook / Short-Term (Initial)	25.09.2018	A- / stable / L2
LT / Outlook / Short-Term	18.11.2019	A- / stable / L2
LT / Outlook / Short-Term	24.03.2020	A- / NEW / L2
LT / Outlook / Short-Term	26.11.2020	A- / stable / L2
LT / Outlook / Short-Term	02.11.2021	A- / positive / L2
LT / Outlook / Short-Term	06.12.2022	A / stable / L2
LT / Outlook / Short-Term	27.10.2023	A / stable / L2
LT / Outlook / Short-Term	11.07.2024	A / stable / L2
Bank Capital and Debt Instruments of Banca Nazionale del Lavoro SpA		
Senior Unsecured / T2 / AT1 (Initial)	25.09.2018	A- / BB+ / BB
PSU / NPS / T2 / AT1	18.11.2019	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	24.03.2020	A- / BBB+ / BB+ / BB (NEW)
PSU / NPS / T2 / AT1	26.11.2020	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	02.11.2021	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	06.12.2022	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	27.10.2023	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	11.07.2024	A / A- / BBB- / BB+
BNP Paribas Home Loan SFH		
LT / Outlook / Short-Term (Initial)	25.09.2018	A- / stable / L2
LT / Outlook / Short-Term	18.11.2019	A- / stable / L2
LT / Outlook / Short-Term	24.03.2020	A- / NEW / L2
LT / Outlook / Short-Term	26.11.2020	A- / stable / L2
LT / Outlook / Short-Term	02.11.2021	A- / positive / L2
LT / Outlook / Short-Term	06.12.2022	A / stable / L2
LT / Outlook / Short-Term	27.10.2023	A / stable / L2
LT / Outlook / Short-Term	11.07.2024	A / stable / L2

Tables BNP Paribas S.A.

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	19.058	-9,0	20.933	19.238	19.286
Net Fee & Commission Income	9.821	-3,4	10.165	10.362	9.579
Net Insurance Income	2.320	+22,0	1.901	4.332	4.114
Net Trading & Fair Value Income	10.356	+11,1	9.320	7.671	6.935
Equity Accounted Results	593	-9,5	655	494	423
Dividends from Equity Instruments	84	-34,9	129	106	53
Other Income	4.374	+46,3	2.990	2.053	1.812
Operating Income	**46.606**	**+1,1**	**46.093**	**44.256**	**42.202**
Expense					
Depreciation and Amortisation	2.243	+9,1	2.055	2.253	2.257
Personnel Expense	17.775	+5,3	16.877	16.417	15.942
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	11.210	+4,9	10.686	10.705	10.301
Operating Expense	**31.228**	**+5,4**	**29.618**	**29.375**	**28.500**
Operating Profit & Impairment					
Operating Profit	**15.378**	**-6,7**	**16.475**	**14.881**	**13.702**
Cost of Risk / Impairment	3.682	+22,6	3.004	2.971	5.395
Net Income					
Non-Recurring Income	29	-	0	834	1.030
Non-Recurring Expense	-	-	257	-	-
Pre-tax Profit	**11.725**	**-11,3**	**13.214**	**12.744**	**9.337**
Income Tax Expense	3.266	-10,6	3.653	3.584	2.301
Discontinued Operations	2.947	> +100	687	720	379
Net Profit	**11.406**	**+11,3**	**10.248**	**9.880**	**7.415**
Attributable to minority interest (non-controlling interest)	431	+7,7	400	392	348
Attributable to owners of the parent	10.975	+11,4	9.848	9.488	7.067

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	67,00	+2,75	64,26	66,38	67,53
Cost Income Ratio ex. Trading (CIRex)	86,15	+5,60	80,54	80,29	80,81
Return on Assets (ROA)	0,44	+0,06	0,38	0,38	0,30
Return on Equity (ROE)	8,85	+0,72	8,13	8,06	6,32
Return on Assets before Taxes (ROAbT)	0,45	-0,04	0,50	0,48	0,38
Return on Equity before Taxes (ROEbT)	9,10	-1,39	10,49	10,40	7,96
Return on Risk-Weighted Assets (RORWA)	1,62	+0,25	1,38	1,38	1,08
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,67	-0,11	1,77	1,79	1,36
Net Financial Margin (NFM)	1,40	-0,06	1,47	1,33	1,30
Pre-Impairment Operating Profit / Assets	0,59	-0,03	0,62	0,56	0,55

Change in %-Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	288.259	-9,5	318.560	347.883	308.703
Net Loans to Banks	19.420	-27,2	26.667	26.089	21.449
Net Loans to Customers	869.617	+0,3	866.817	813.659	808.210
Total Securities	385.344	+21,1	318.157	341.481	344.433
Total Derivative Assets	311.110	-10,0	345.856	252.108	297.856
Other Financial Assets	221.673	+18,4	187.277	245.811	243.734
Financial Assets	**2.095.423**	**+1,6**	**2.063.334**	**2.027.031**	**2.024.385**
Equity Accounted Investments	6.751	+11,2	6.073	6.528	6.396
Other Investments	-	-	-	-	-
Insurance Assets	257.098	+4,7	245.475	280.766	265.356
Non-current Assets & Discontinued Ops	-	-	86.839	91.267	0
Tangible and Intangible Assets	54.913	+15,5	47.552	43.863	44.891
Tax Assets	6.556	+10,5	5.932	5.866	6.559
Total Other Assets	170.758	-18,1	208.543	179.123	140.904
Total Assets	**2.591.499**	**-2,7**	**2.663.748**	**2.634.444**	**2.488.491**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	33,56	+1,02	32,54	30,89	32,48
Risk-weighted Assets[1] / Assets	27,15	-0,81	27,96	27,09	0,00
NPL[2]/ Loans to Customers[3]	2,91	-0,01	2,92	3,42	3,72
NPL[2]/ Risk-weighted Assets[1]	3,60	+0,20	3,39	3,90	4,39
Potential Problem Loans[4]/ Loans to Customers[3]	8,53	-1,63	10,16	12,89	11,54
Reserves[5]/ NPL[2]	69,20	-3,13	72,33	71,66	71,32
Cost of Risk / Loans to Customers[3]	0,42	+0,08	0,35	0,37	0,67
Cost of Risk / Risk-weighted Assets[1]	0,52	+0,12	0,40	0,42	0,79
Cost of Risk / Total Assets	0,14	+0,03	0,11	0,11	0,22

Change in %-Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	68.969	-42,4	119.727	161.621	145.096
Total Deposits from Customers	994.234	-2,2	1.016.508	957.145	939.916
Total Debt	299.988	+22,4	245.097	337.294	313.098
Derivative Liabilities	302.728	-5,4	319.921	248.840	302.081
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	402.419	+20,9	332.822	319.187	309.815
Total Financial Liabilities	**2.068.338**	**+1,7**	**2.034.075**	**2.024.087**	**2.010.006**
Insurance Liabilities	236.282	+3,3	228.632	254.795	240.741
Non-current Liabilities & Discontinued Ops	-	-	77.002	74.366	-
Tax Liabilities	3.821	+28,3	2.979	3.103	3.001
Provisions	10.518	+4,8	10.040	10.187	9.548
Total Other Liabilities	143.673	-22,3	185.010	145.399	107.846
Total Liabilities	**2.462.632**	**-3,0**	**2.537.738**	**2.511.937**	**2.371.142**
Total Equity	**128.867**	**+2,3**	**126.010**	**122.507**	**117.349**
Total Liabilities and Equity	**2.591.499**	**-2,7**	**2.663.748**	**2.634.444**	**2.488.491**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	4,97	+0,24	4,73	4,65	4,72
Leverage Ratio[1]	4,58	+0,22	4,36	4,10	4,94
Common Equity Tier 1 Ratio (CET1)[2]	13,20	+0,87	12,33	12,89	12,76
Tier 1 Ratio (CET1 + AT1)[2]	15,28	+1,39	13,89	14,05	14,21
Total Capital Ratio (CET1 + AT1 + T2)[2]	17,30	+1,11	16,19	16,43	16,37
CET1 Minimum Capital Requirements[1]	9,79	+0,42	9,37	9,23	9,22
Net Stable Funding Ratio (NSFR)[1]	115,92	+0,87	115,05	122,00	0,00
Liquidity Coverage Ratio (LCR)[1]	136,47	+4,21	132,26	143,00	154,00

Change in %-Points

1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Environmental, Social and Governance Score for Banks (v1.1)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 11 July 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to BNP Paribas S.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The “Basic data” information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

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The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the “Basic data” card as a “Rating action”; first release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade or downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

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