

**Fifth Supplement dated 24 February 2025**  
**to the Base Prospectus for the issue of Certificates dated 30 May 2024**



**BNP Paribas Issuance B.V.**

*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**

*(incorporated in France)*  
*(as Issuer and Guarantor)*

**Note, Warrant and Certificate Programme**

This fifth supplement (the "**Fifth Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 30 May 2024 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 8 August 2024 (the "**First Supplement**"), the second supplement to the Base Prospectus dated 19 August 2024 (the "**Second Supplement**"), the third supplement to the Base Prospectus dated 19 November 2024 (the "**Third Supplement**") and the fourth supplement to the Base Prospectus dated 2 January 2025 (the "**Fourth Supplement**" and, together with the First Supplement, the Second Supplement and the Third Supplement, the "**Previous Supplements**"), in each case, in respect of Certificates issued under the Note, Warrant and Certificate Programme (the "**Programme**") of BNP Paribas Issuance B.V. ("**BNPP B.V.**"), BNP Paribas ("**BNPP**") and BNP Paribas Fortis Funding.

The Base Prospectus and the Previous Supplements constitute a base prospectus for the purposes of Article 8 of the Prospectus Regulation. "**Prospectus Regulation**" means Regulation (EU) 2017/1129 of 14 June 2017, as amended. The Base Prospectus received approval no. 24-185 on 30 May 2024, the First Supplement received approval no. 24-362 on 8 August 2024, the Second Supplement received approval no. 24-371 on 19 August 2024, the Third Supplement received approval no. 24-491 on 19 November 2024 and the Fourth Supplement received approval no. 25-003 on 2 January 2025 from the *Autorité des marchés financiers* (the "**AMF**"). Application has been made to the AMF for approval of this Fifth Supplement in its capacity as competent authority under the Prospectus Regulation.

BNPP (in respect of itself and BNPP B.V.) and BNPP B.V. (in respect of itself) accept responsibility for the information contained in this Fifth Supplement. To the best of the knowledge of BNPP and BNPP B.V. (who have taken all reasonable care to ensure that such is the case), the information contained herein is, subject as provided in the preceding sentence, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus, as amended by the Previous Supplements, shall have the same meanings when used in this Fifth Supplement.

To the extent that there is any inconsistency between (i) any statement in this Fifth Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus, as amended by the Previous Supplements, the statement referred to in (i) above will prevail.

References in this Fifth Supplement to paragraphs of the Base Prospectus are to the Base Prospectus as amended by the Previous Supplements. References in this Fifth Supplement to page numbers in the Base Prospectus are to the page numbers in the Base Prospectus without taking into account any amendments made in the Previous Supplements.

Copies of this Fifth Supplement will be available on the website of BNPP (<https://rates-globalmarkets.bnpparibas.com/documents/legaldocs/resourceindex.htm>) and on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

This Fifth Supplement has been prepared in accordance with Article 23 of the Prospectus Regulation for the purposes of giving information, which amends or is additional to the information already contained in the Base Prospectus, as amended by the Previous Supplements.

This Fifth Supplement has been prepared for the purposes of:

- (A) amending the "Cover Page";
- (B) amending the "Overview of this Base Prospectus" section;
- (C) amending the "Risks" section;
- (D) incorporating by reference:
  - (i) BNPP's unaudited consolidated financial statements (in English) for the year ended 31 December 2024 (the "**2024 BNPP Unaudited Financial Statements**"); and
  - (ii) a press release dated 4 February 2025 issued by BNPP relating to the unaudited financial information of BNPP for the fourth quarter ended 31 December 2024 and the unaudited figures for the year ended 31 December 2024 (the "**4 February 2025 Press Release**");
- (E) amending the "Recent Developments" section; and
- (F) amending the "General Information" section.

The amendments referred to in (A) to (C) above have been made to reflect an update in BNPP's ratings. The amendments referred to in (C) above have been made to update the risk factors relating to BNP Paribas. The incorporation by reference referred to in (D) above has been made to reflect the unaudited consolidated financial statements of BNPP for the year ended 31 December 2024. The amendments referred to in (E) above have been made to incorporate recent events in relation to the Issuer. The amendments referred to in (F) above have been made to (i) update the reference to the corporate authorisations and (ii) include a declaration concerning the unaudited annual results of BNP Paribas for the year ending 31 December 2024 and the unaudited fourth quarter results of BNP Paribas for the quarter ended 31 December 2024.

**In accordance with Article 23(2) of the Prospectus Regulation, in the case of an offer of Securities to the public, investors who have already agreed to purchase or subscribe for Securities issued under the Programme before this Fifth Supplement is published and which are affected by the amendments made in this Fifth Supplement, have the right, exercisable before the end of the period of three (3) working days beginning with the working day after the date of publication of this Fifth Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 28 February 2025. Investors can exercise their right to withdraw their acceptances by contacting the person from whom any such investor has agreed to purchase or subscribe for such Securities before the above deadline.**

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## AMENDMENTS TO THE COVER PAGE

The third paragraph on page 6 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

"BNPP's long-term credit ratings are A+ with a stable outlook (S&P Global Ratings Europe Limited ("**Standard & Poor's**")), A1 with a stable outlook (Moody's Deutschland GmbH ("**Moody's**")), A+ (**Issuer Default Rating**) with a stable outlook (Fitch Ratings Ireland Limited ("**Fitch**")) (which is the long-term issuer default rating) and AA (low) with a stable outlook (DBRS Rating GmbH ("**DBRS Morningstar**")) and BNPP's short-term credit ratings are A-1 (Standard & Poor's), P-1 (Moody's), F1 (Fitch) and R-1 (middle) (DBRS Morningstar). BNPP B.V.'s long-term credit ratings are A+ with a stable outlook (Standard & Poor's) and BNPP B.V.'s short term credit ratings are A-1 (Standard & Poor's). Each of Standard & Poor's, Moody's, Fitch and DBRS Morningstar is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Standard & Poor's, Fitch, DBRS Morningstar and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation. None of Standard & Poor's, Moody's, Fitch or DBRS Morningstar are established in the United Kingdom and have not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). To the extent that the ratings issued by Standard & Poor's, Moody's, Fitch and DBRS Morningstar have been endorsed by a credit rating agency that is established in the United Kingdom and registered under the UK CRA Regulation, the ratings issued by Standard & Poor's, Moody's, Fitch and DBRS Morningstar may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. Securities issued under the Programme may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency."

## AMENDMENTS TO THE OVERVIEW OF THIS BASE PROSPECTUS SECTION

The "**OVERVIEW OF THIS BASE PROSPECTUS**" section on pages 17 to 29 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

the paragraph entitled "**Ratings**" on page 28 of the Base Prospectus is amended as follows:

"BNPP B.V.'s long term credit rating is A+ with a stable outlook (S&P Global Ratings Europe Limited) and BNPP B.V.'s short term credit rating is A-1 (S&P Global Ratings Europe Limited).

BNPP's long term credit ratings are A+ with a stable outlook (S&P Global Ratings Europe Limited), A1 with a stable outlook (Moody's Deutschland GmbH), A+ (**Issuer Default Rating**) with a stable outlook (Fitch Ratings Ireland Limited) and AA (low) with a stable outlook (DBRS Rating GmbH) and BNPP's short-term credit ratings are A-1 (S&P Global Ratings Europe Limited), P-1 (Moody's Deutschland GmbH), F1 (Fitch Ratings Ireland Limited) and R-1 (middle) (DBRS Rating GmbH).

Securities issued under the Base Prospectus may be rated or unrated.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency."

## AMENDMENTS TO THE RISKS SECTION

The "**RISKS**" section on pages 30 to 78 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is deleted and replaced as follows:

the paragraph entitled "**Risk Factors Relating to BNPP**" on page 30 of the Base Prospectus is deleted and replaced as follows:

"The main categories of risks inherent to the BNP Paribas Group's business are presented below. They can 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).

<i>In billions of euros</i>	RWAs	
	31 December 2024	31 December 2023
<b>Credit risk</b>	<b>580</b>	<b>535</b>
<b>Counterparty credit risk</b>	<b>48</b>	<b>45</b>
<b>Securitisation risk in the banking book</b>	<b>21</b>	<b>17</b>
<b>Operational risk</b>	<b>65</b>	<b>59</b>
<b>Market risk</b>	<b>28</b>	<b>29</b>
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>21</b>	<b>19</b>
<b>TOTAL</b>	<b>762</b>	<b>704</b>

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 seven principal categories, in accordance with article 16 of Regulation (EU) No. 2017/1129 of 14 June 2017, as amended from time to time: 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**

At 31 December 2023, the BNP Paribas Group's credit risk exposure broke down as follows: corporates (43%), central governments and central banks (25%), retail customers (24%), credit institutions (4%), other risk assets (2%) and equities (1%). At 31 December 2023, 33% of the Bank's credit exposure was comprised of exposures in France, 16% in Belgium and Luxembourg, 10% in Italy, 21% in other European countries, 9% 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 580 billion at 31 December 2024, or 76% of the total risk-weighted assets of the BNP Paribas Group, as compared to EUR 535 billion at 31 December 2023, representing 77% of the total risk-weighted assets of the BNP Paribas Group.

At 31 December 2023, BNP Paribas Group's exposure to counterparty risk was: 37% to the corporate sector, 12% to governments and central banks, 23% to credit institutions and investment firms, and 28% to clearing houses. By product, BNP Paribas Group's exposure at 31 December 2023, excluding CVA ("Credit Valuation Adjustment") risk, is comprised of: 41% in OTC derivatives, 40% in repurchase transactions and securities lending/borrowing, 9% in listed derivatives and 10% in contributions to the clearing houses' default funds. The level of this counterparty 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 48 billion at 31 December 2024, or 6% of the total risk-weighted assets of the BNP Paribas Group, as compared to EUR 45 billion at 31 December 2023, or 6% of the total risk-weighted assets of the BNP Paribas Group.

With regard to risk related to securitisation of the banking book, the bulk of the BNP Paribas Group's commitments are recorded in the prudential banking portfolio. Securitised exposures are essentially those generated by the BNP Paribas Group. Thus, the securitisation positions held or acquired by the BNP Paribas Group may be categorised by its role in the securitisation transaction: of the exposures as at 31 December 2023, the BNP Paribas Group was originator of 42%, was sponsor of 35% and was investor of 23%. The risk-weighted assets subject to this type of risk amounted to EUR 21 billion at 31 December 2024, or 3% of the total risk-weighted assets for the BNP Paribas Group, compared to EUR 17 billion at 31 December 2023, or 2% of the total risk-weighted assets for the BNP Paribas Group.

### **1.1 A substantial increase in new provisions or a shortfall in the level of previously recorded provisions exposed to credit risk and counterparty risk could adversely affect the BNP Paribas Group's results of operations and financial condition.**

Credit risk and counterparty risk impact the BNP Paribas Group's consolidated financial statements when a customer or counterparty is unable to honour its obligations and when the book value of these obligations in the BNP Paribas Group's records is positive. The customer or counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government or a government entity, an investment fund, or a natural person. If the 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 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. In 2024, the cost of risk amounted to EUR 2,999 million compared to EUR 2,907 million in 2023. This amount reflects write-backs of provisions on performing loans in an amount of EUR 765 million in 2024, and provisions on doubtful loans of EUR 3,764 million. At 31 December 2024, the cost of risk does not include other net charges for risk on financial instruments (*i.e.* charges relating to risks that call into question the validity or enforceability of financial instruments). These charges amount to EUR 202 million as at 31 December 2024, and in 2024 they included provisions relating to mortgage loans denominated in Swiss francs or indexed to the Swiss franc in the amount of EUR 186 million and losses in connection with the act on assistance to borrowers in Poland in the amount of EUR 16 million.

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. The BNP Paribas Group seeks to establish an appropriate level of provisions.

Although the BNP Paribas Group seeks to establish an appropriate level of provisions, its lending businesses may have to substantially increase their provisions for loan losses or sound receivables in the future as a result of deteriorating economic conditions or other causes. For example, provisions increased in 2020 primarily due to the early *ex-ante* recognition of potential losses related to the effects of the health crisis (Stages 1 and 2

provisions on performing loans in accordance with IFRS 9). These provisions could also increase if the rise in corporate defaults observed in 2024 persists and/or if defaults stabilise at a high level compared with previous years. 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 2024, the ratio of doubtful loans to total loans outstanding was 1.6% and the coverage ratio of these doubtful commitments (net of guarantees received) by provisions was 69.7%, against 1.7% and 71.7%, respectively, as at 31 December 2023.

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 45 billion at 31 December 2023, or 23% of the BNP Paribas Group's total counterparty risk exposure, and counterparty risk exposure related to clearing houses was EUR 56 billion, or 28% of the BNP Paribas Group's total counterparty risk exposure, compared with rates of 13% and 33%, respectively, as at 31 December 2022.

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, 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 8.c *Legal proceedings and arbitration* to its unaudited consolidated financial statements for the year ended 31 December 2024.

Losses resulting from the risks summarised above could materially and adversely affect the BNP Paribas Group's results of operations.



## 2. OPERATIONAL RISK

The BNP Paribas Group's risk-weighted assets subject to operational risk amounted to EUR 65 billion at 31 December 2024, or 8% of the total risk-weighted assets of the BNP Paribas Group, and EUR 59 billion at 31 December 2023, or 8% of the total risk-weighted assets of the BNP Paribas Group. The breakdown of losses by type of operational risk for the 2015-2023 period is rebalanced following the exit from the reference period of the comprehensive settlement with the US authorities in 2014. The main type of operational risk incidents remains the "Clients, products and business practices" category, followed by process failures, including errors in executing or processing transactions, and then external fraud. Between 2015 and 2023, other types of risk in operational risk consisted of external fraud (22%), business disruption and systems failure (4%), employment practices and workplace safety (3%), internal fraud (1%) and damage to physical assets (1%).

### 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 devotes 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 within which the BNP Paribas Group operates. These techniques and strategies could also prove to be ineffective 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 risk parameters, such as the value of its assets and the effectiveness of its hedges, or to measure risks adequately if, as a result of market turmoil or in certain market environments such as those 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, including, for example, 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, or of those of its third-party service providers, 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 and payment services, the development of cloud computing, and more generally the use of new technologies. These technologies are mainly developed internally but some are provided by third parties. 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 by it or by its third-party service providers.

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,

banking/insurance, technical or strategic data), processes and users, in order to cause material losses to the BNP Paribas Group's subsidiaries, employees, partners and clients, for the purpose of extortion (ransomware) and/or for political or ideological purposes. 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 highly sophisticated and 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, or the communication systems of its third-party service providers, 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 cybercriminality to be 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 customer data 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.

### **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**

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, in particular in Global Markets, which represented 18% of the BNP Paribas Group's revenue in 2024. 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, market risk relating to the BNP Paribas Group's banking activities includes its interest rate and foreign exchange rate risks 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. The BNP Paribas Group uses the concepts of standard rate risk and structural rate risk in measuring interest rate risk. Standard rate risk corresponds to the general case for a given transaction. Structural rate risk is the interest rate risk relating to own funds and non-interest-bearing current accounts. If the BNP Paribas Group’s hedging strategies prove ineffective or provide only a partial hedge, the BNP Paribas Group could incur losses which could have a negative impact on its operating results as well as its financial condition. 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 the credit correlation portfolio) as well as by stress tests and sensitivity analysis compared with market limits.

The risk-weighted assets subject this type of risk amounted to EUR 28 billion at 31 December 2024, or almost 4% of the BNP Paribas Group’s total risk-weighted assets, compared to EUR 29 billion at 31 December 2023, or 4% of the total risk-weighted assets of the BNP Paribas Group.

### **3.1 The BNP Paribas Group may incur significant losses on its trading and investment activities due to market fluctuations and volatility.**

The BNP Paribas Group maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts.

These positions could be adversely affected by extreme volatility in these markets, *i.e.* the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from the BNP Paribas Group’s expectations may lead to losses relating to a broad range of other products that the BNP Paribas Group uses, including swaps, forward and future contracts, options and structured products.

To the extent that the BNP Paribas Group owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the BNP Paribas Group has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose the BNP Paribas Group to potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market.

The BNP Paribas Group may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or 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 that could adversely affect its operating results and financial position. 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. 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 and sensitivity analysis compared with market limits with a view to quantifying its potential exposure in extreme scenarios (see *Market Risk Stress Testing Framework* in section 5.7 *Market risk* of BNP Paribas’ Universal registration document at 31 December 2023). 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.

More generally, the volatility of financial markets resulting from disruptions or deteriorations in macroeconomic conditions 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 such as commercial real estate. For reference, and as indicated below, the revenues of Global Markets, the main business line of the Corporate & Institutional Banking (CIB) division, which handles the BNP Paribas Group’s trading activities, accounted for 18% of the BNP Paribas Group’s revenues in 2024. Severe market disruptions and extreme market volatility have occurred often in recent years (including in 2024 in response to the political instability in France since the dissolution of the *Assemblée nationale* on 9 June 2024) and may persist or resurface, 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 also weighs on the primary equity and bond markets, affecting the activity of Corporate & Institutional Banking.

### **3.2 The BNP Paribas Group may generate lower revenues from commission and fee-based businesses during market downturns and declines in activity.**

Commissions received by the BNP Paribas Group represented 22% of its revenues in 2024. 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 net banking income 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 2024, 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 816 billion, EUR 21 billion and EUR 73 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 792 billion and EUR 37 billion, respectively, at 31 December 2024. 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**

The liquidity risk of the BNP Paribas Group can be assessed through its short-term liquidity ratio (the Liquidity Coverage Ratio, "LCR") which analyses the coverage of net cash outflows at 30 days in a stress scenario. The Group's period end LCR was 137% as at 31 December 2024. The liquidity reserve was EUR 480 billion as at 31 December 2024.

##### **4.1 The BNP Paribas Group's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in sovereign credit spreads or other factors.**

The financial crisis, the Eurozone sovereign debt crisis as well as the general macroeconomic environment, at times during a period around fifteen years ago adversely affected the availability and cost of funding for European banks. 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.

Such adverse credit market conditions may reappear in the event of a change in monetary policy (as seen, for example, with respect to worsening inflation), a recession, prolonged stagnation of growth, deflation, "stagflation" (sluggish growth accompanied by inflation), another sovereign debt crisis (in particular in France, should it fail to reduce its level of indebtedness in terms of share of GDP growth in 2024 compared to its post-Covid 19 pandemic level, due to political or institutional deadlock or for any other reason), a sovereign borrower ratings downgrade in the Group's key markets, in particular due to excessive political instability (such as has occurred in France since the dissolution of the *Assemblée nationale* on 9 June 2024, which led to renewed volatility on financial markets and the widening of the credit spread of the French *Obligation Assimilable du Trésor* (OAT) against, in particular, the German Bund (German sovereign bond), followed by the downgrading of France's credit rating by Moody's in December 2024 and the subsequent downgrading of several French banking institutions), and new forms of financial crisis, factors relating to the financial industry or the economy in general (including the economic consequences of the war in Ukraine or the conflicts in the Middle East) or to the BNP Paribas Group in particular. In such a case, the effect on the liquidity, balance sheet strength and cost of funding of European financial institutions 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 18% of the BNP Paribas Group's revenue in 2024) 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 BNP Paribas' Universal registration document at 31 December 2023).

The BNP Paribas Group is exposed to the risk that the maturity, interest rate or currencies of its assets might not precisely 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 negative effects 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 and cost of funding. The BNP Paribas Group is rated by four ratings agencies: Standard & Poor's, Moody's, Fitch and DBRS. On 24 April 2023, Standard & Poor's confirmed the long-term rating of BNP Paribas SA's deposits and senior preferred debt rating as A+, and its short-term rating as A-1 with a stable outlook. On 16 October 2024, Fitch maintained its long-term deposits and senior preferred debt rating for BNP Paribas SA at AA- and its short term deposits and senior preferred debt rating for BNP Paribas SA at F1+, with a stable outlook. On 17 December 2024, Moody's downgraded its long-term deposits and senior preferred debt rating to A1, and maintained its short-term rating as P-1, with a stable outlook. On 20 June 2024, DBRS confirmed BNP Paribas SA's senior preferred debt rating as AA(low), and 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. A downgrade 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. Moreover, a downgrade in the sovereign credit rating of France, the Group's principal country market, could indirectly affect BNP Paribas' credit rating and cost of funding due to a potential resulting increase in the risk premium of French financial institutions. For example, Moody's downgraded France's credit rating in December 2024, and subsequently downgraded several French banking institutions, in response to the political instability in France since June 2024 and the country's rising debt levels.

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 and may in the future significantly affect the BNP Paribas Group and the markets in which it operates.**

The BNP Paribas Group's business is affected by changes in the financial markets and more generally by trends in economic conditions in France (25% of the Group's revenues at 31 December 2023), other countries in Europe (52% of the Group's revenues at 31 December 2023) and the rest of the world (23% of the Group's revenues at 31 December 2023). A deterioration or turbulence in the markets and/or the economic or political environment in the countries where the BNP Paribas Group operates has in the past had, and could again in the future have, various impacts including the following:

- 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 client receivables, in part as a result of the deterioration of the financial capacity of companies and households, as shown by the rise in corporate defaults observed in 2024. Since the beginning of 2024, this risk has materialised in the form of slow or weak growth in various regions of the world and a risk of recession in certain regions (including the Eurozone) as a result, in particular, of the 2022 and 2023 interest rate increases as well as specific effects (e.g. the real estate crisis in China and the commercial real estate crisis in the United States). Finally, in 2025, as in 2024 and 2023, the global and Eurozone economies are expected to be particularly sensitive to trends in inflation, monetary policies and, consequently, to interest rates, as well as to the impacts of various geopolitical events, in line with the central scenario drawn up by the BNP Paribas Group's Economic Research unit (29 January 2024), which assumes Eurozone and US GDP growth of 0.8% and 2.8%, respectively, in 2024, compared to growth of 1% and 2.4%, respectively, in 2025;

- a decline in market prices (or an increase in volatility) of bonds, equities and commodities affecting the businesses of the BNP Paribas Group, including in particular trading, Investment Banking and asset management revenues. Indeed, high volatility over a long period can lead to financial asset market corrections (particularly the riskiest assets) and thus generate losses for the BNP Paribas Group. In addition, a sudden change in the level and structure of volatility, or the rapid alternation of periods of strong market rises and falls over a shorter period, may make it difficult or more costly to hedge certain structured products, thereby increasing the risk of loss for the BNP Paribas Group;
- macroeconomic or monetary policies adopted in response to actual or anticipated economic conditions could have consequences, anticipated or not, on 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. This risk, which was particularly pronounced in 2023 and 2024 due to the significant and rapid monetary tightening carried out by the European Central Bank (the "ECB") and the US Federal Reserve (the "Fed") in 2022 and 2023, remains relevant in 2025, although the key interest rates' trajectory is difficult to predict due to the various economic indicators that influence it (inflation, GDP and labour market trends);
- the favourable perception of economic conditions, whether globally or in specific sectors, can lead to the formation of speculative asset bubbles, and corrections when conditions change. This risk persists in 2025 after the recent monetary tightening, particularly in specific sectors such as commercial real estate and leveraged finance (see section 5.2, *A significant increase or decrease in interest rates could adversely affect the BNP Paribas Group's income, profitability and financial condition*). For example, falling valuations and fewer transactions in the commercial real estate sector have been tightening financing conditions and increasing investor uncertainty in this market, which may affect the financial strength of market participants and hence asset quality. The BNP Paribas Group's gross on- and off-balance sheet exposure to commercial real estate represented 3.8% of its total on- and off-balance sheet exposure as at 30 September 2024 and the BNP Paribas Group's exposure-at-default ("EAD") represented 3.8% of its total EAD as at 30 September 2024; and
- significant one-off economic disruptions related to, or adverse economic consequences resulting from, various specific adverse political or geopolitical events (such as the global financial crisis of 2008, the European sovereign debt crisis of 2011, the recession caused, in 2020 and 2021, by the Covid-19 pandemic, or high inflation and rising interest rates as well as geopolitical shocks; for example, the invasion of Ukraine in 2022, the conflicts in the Middle East in 2023 and 2024 and political instability in France from June 2024) having a substantial impact on all of the BNP Paribas Group's businesses, in particular by increasing the volatility and costs of funding sources, deteriorating asset quality and financial market corrections, potentially exacerbated by a reduction in market liquidity and hence the ability to sell certain categories of assets at fair market value or at all. These disruptions could also entail, in particular, a decline in transaction commissions and consumer loans by the effect, whether temporary or permanent, of geopolitical events on the economic conditions in which the BNP Paribas Group operates.

While by definition the occurrence of such adverse geopolitical events is difficult to predict, in 2025 they could include the worsening of the consequences or the extension of the war in Ukraine or of the conflicts in the Middle East, commercial and geopolitical tensions among China, Taiwan and the United States, which could extend to and implicate the European Union and other countries, any of which could lead to inflationary pressures and affect the energy market and/or supply chains, contribute to the occurrence of a sovereign debt

crisis (high level of public debt, rapid increase in (re)financing costs, aggravating exchange rate effects, particularly for borrowers exposed to the US dollar) and lead to the materialisation of various political risks. Moreover, political instability or fragmentation may have similar negative effects, such as market volatility and reductions in consumption, investment (including foreign investment) and overall economic performance. As an illustration, the snap legislative elections following the dissolution of the French *Assemblée nationale* on 9 June 2024, and the motion of censure of the French government voted on 4 December 2024, have created market volatility, particularly in the financial sector. Continuing political fragmentation is also affecting France's ability to deliver measures to address elevated levels of public debt and may affect France's ability to achieve economic growth and result in a deterioration of French asset quality. Any such events may have a material adverse effect on the BNP Paribas Group's business, results of operations and financial condition.

## **5.2 A significant increase or decrease in interest rates could adversely affect the BNP Paribas Group's income, profitability and financial condition.**

Interest rates rose significantly in 2022 and 2023, after many years of low interest rates, and then began to fall in the second half of 2024. In this context, the results of the BNP Paribas Group have been and could continue to be significantly affected in several ways. Net interest income amounted to 19,524 million euros in 2024 and 19,058 million euros in 2023, respectively (see note 2.a *Interest margin* to the unaudited consolidated financial statements for the year ended 31 December 2024). The interest margin of Eurozone commercial banks increased over the year 2024 despite the impact of headwinds (inflation hedges, reserve requirement and Belgian government bonds representing a base effect of EUR -352 million in 2024 compared to 2023).

High interest rates increase the cost of funding for the Group through higher interest rates on liabilities such as short-term deposits, commercial paper and bonds, as well as the risk of arbitrage by customers between non-interest-bearing deposits and interest-bearing deposits (compounded in France by policy decisions to increase rates on regulated savings, including to levels above the return received by banks on the same deposits). This increase in the cost of funding could create an imbalance and a reduction in net interest margin as a result of the BNP Paribas Group holding a significant portfolio of loans originated in a low interest rate environment. The Group may also have difficulty (in particular due to the usury rate in France) promptly reflecting higher interest rates in new mortgage or other fixed-rate consumer or corporate loans, while the cost of customer deposits and hedging costs would increase more rapidly. Moreover, a portfolio comprising significant amounts of lower-interest loans and fixed-income assets as a result of an extended period of low interest rates may (in a rapidly rising market interest-rate environment) decline in value. If the Group's hedging strategies are ineffective or provide only a partial hedge against such a change in value, it could incur significant losses. Higher interest rates also increase financial expense for borrowers and may strain their ability to meet their debt obligations, which could test the resilience of the BNP Paribas Group's loan and bond portfolios and could, in turn, lead to an increase in doubtful loans and defaults. More generally, the end of accommodating monetary policies, in particular by the ECB and the Fed, has led, and could continue to lead, to sharp corrections in certain markets or assets. For example, in early 2024, the commercial real estate crisis affected the share prices of many US regional banks, as well as the financial condition of some major real estate developers. More generally, such corrections could potentially be contagious to financial markets generally, including by the effect of substantially increased volatility and heightened investor mistrust, generally or in relation to certain sectors, including the banking sector due to its exposure to the commercial real estate market, leveraged financing or other sectors particularly affected by rising interest rates. The BNP Paribas Group's operations could as a result be significantly disrupted with a consequential material adverse effect on its business, results of operations and financial condition.

Conversely, if a low interest rates environment were to re-emerge, due in particular to monetary easing decided by central banks, weak growth or other economic factors, the BNP Paribas Group's profitability could also be negatively impacted. 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. In addition, the BNP Paribas Group may 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,



may 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. Low interest rates may also affect the profitability and even the solvency of the insurance activities of 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.

### **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.**

The BNP Paribas Group monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its consolidated 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 consolidated 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 2023, the BNP Paribas Group's loan portfolio consisted of receivables from borrowers located in France (33%), Belgium and Luxembourg (16%), Italy (10%), other European countries (21%), North America, (9%), Asia (6%) and the rest of the world (5%). Adverse economic, political or regulatory conditions that particularly affect these countries and regions would have a significant impact on the BNP Paribas Group. For example, at 31 December 2024, the BNP Paribas Group, operating in Poland through BNP Paribas Bank Polska, recorded a charge of EUR 202 million under other net charges for risk on financial instruments relating to mortgage loans in Poland denominated in Swiss francs or indexed to the Swiss franc in the amount of EUR 186 million as well as losses related to the act on assistance to borrowers in Poland in the amount of EUR 16 million. As another example, hyperinflation in Türkiye and the application of the IAS 29 accounting standard negatively affected the 2023 and 2024 results of the BNP Paribas Group. Moreover, 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, through its subsidiary UkrSibbank, in which it holds a 60% stake alongside the European Bank for Reconstruction and Development (40%). Certain restrictions previously imposed by the National Bank of Ukraine were lifted, thereby allowing the BNP Paribas Group to satisfy once more the conditions required for establishing control, as defined under IFRS 10, from 1 January 2024. This had the effect of changing the consolidation method for UkrSibbank from the equity method, which had been applied as from 1 March 2022, to the full consolidation method.

With regard to Russia, which is subject to extensive economic sanctions imposed in particular by the European Union, the United States and the United Kingdom, gross on- and off- balance sheet exposures of the BNP Paribas Group to this country represented 0.02% of the BNP Paribas Group's gross exposures on- and off- balance sheet at 31 December 2024. In March 2022, the BNP Paribas Group decided to stop all new financing as well as all new operations in Russia. 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 in force, 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 in force in the jurisdictions in which the BNP Paribas Group operates (in particular in France, Europe and the United States) have substantially changed, and in the future could potentially continue to substantially change, the environment in which financial institutions, such as the BNP Paribas Group, operate. These measures include in particular:

- the continuing increase in “prudential” (*i.e.* capital solvency, liquidity) requirements provided for in particular by the Regulation of the European Parliament and Council dated 26 June 2013 (as amended from time to time, the “CRR”), as well as changes to the risk-weighting methodologies and methods of using internal models that have led and could continue to lead to increases in capital requirements for financial institutions and, in particular, global systemically important banks, such as the BNP Paribas Group;
- in respect of minimum capital requirements in particular, the European Commission adopted in October 2021 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); in the impact assessment accompanying this 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 specific adjustments in the European Union, 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; upon completion of the legislative process, were adopted (i) a regulation amending the CRR, applicable 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) and (ii) a directive amending the 26 June 2013 Capital Requirements Directive of the European Parliament and Council which shall be applied by Member States from 11 January 2026 (subject to certain exceptions). These new texts entered into force in July 2024; the BNP Paribas Group estimates that the finalisation of Basel IV on 1 January 2025 will result in a 50 basis point decrease in its CET1 ratio (excluding the effect from application of the Basel III fundamental review of the trading book (FRTB) standards for EU banks’ calculation of their own funds requirements for market risk, which was postponed until 1 January 2026). This estimate is subject to change depending on potential changes in the Group and the macroeconomic context;
- the strengthening of the powers of existing supervisory bodies and the creation of new supervisory authorities, for example under the Single Resolution Mechanism (the “SRM”) placing the BNP Paribas Group under the direct supervision of the ECB with which, in particular, a recovery plan for the BNP Paribas Group is filed each year in accordance with the applicable regulations;
- the enhancement of recovery and resolution regimes, in particular the adoption of the Bank Recovery and Resolution Directive of 15 May 2014, as amended from time to time (the “BRRD”), in order to ensure that losses are borne largely by creditors and shareholders of banks and to thus minimise losses borne by taxpayers;
- restrictions on certain types of activities by commercial banks (in particular proprietary trading), thus giving rise to internal reorganisations, structural changes or disposals, that are considered speculative and are thus either prohibited or required to be ring-fenced in subsidiaries, and subject to specific capital and funding requirements which may reduce the BNP Paribas Group’s ability to freely allocate its capital and financing resources;
- prohibitions or restrictions on fees for certain types of financial products or activities, which could affect the ability of the BNP Paribas Group to offer such products or engage in such activities;
- 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, which could increase the cost or reduce the demand for the products and services offered by the BNP Paribas Group;
- 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 BNP Paribas’ Universal registration document at 31 December 2023);
- the increase in internal control, risk management and reporting requirements with respect to certain activities as well as greater powers granted to the relevant authorities to combat money laundering and terrorism financing, in particular through the creation of a new European authority for countering

money laundering and financing of terrorism which will start its operations in mid-2025 and which will likely increase compliance costs for the BNP Paribas Group;

- more stringent governance and conduct of business rules and restrictions and increased taxes on employee compensation over specified levels as well as the introduction of a general duty of care provided for by the Corporate Sustainability Due Diligence Directive (the “CS3D”), progressively applicable between 2027 and 2029 according to decreasing thresholds of employees and sales, which could affect the ability of the BNP Paribas Group to attract or retain talent and increase compliance costs for the BNP Paribas Group;
- changes in securities regulation, in particular of financial instruments (including shares and other securities issued by entities of the BNP Paribas Group); 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);
- regulations of market infrastructures such as trading platforms, clearing houses, central depositories and securities delivery and settlement systems, which could affect the execution of the BNP Paribas Group’s operations or facilitate the entry of new players in the financial services sector;
- the introduction of enhanced disclosure requirements, including through the introduction of new disclosure requirements (i) on 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, (ii) on 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 and (iii) in terms of sustainability, certified by an independent third party, making it possible to analyse the impact of the BNP Paribas Group’s business on CSR issues and the manner in which these issues affect its business, its results of operations and its financial condition, in accordance with the texts transposing the Corporate Sustainability Reporting Directive (the “CSRD”), applicable progressively since 1 January 2024, which could increase compliance costs for the BNP Paribas Group;
- strengthened transparency and disclosure requirements on CSR risk management, including physical and transitional risks related to climate change, and 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;
- the multiplication of measures that are not specific to financial institutions, such as measures relating to the investment fund sector or those promoting technological innovation such as “open data” access;
- the development of the regulation of payment services, crowdfunding and fintechs, which could affect the BNP Paribas Group’s ability to carry out certain activities; and
- the tightening of tax and accounting legislation in the jurisdictions where the Bank operates, which could have a negative impact on the results of the BNP Paribas Group.

Existing measures, as well as those (by definition unpredictable) which could be adopted in the future, could in particular reduce the BNP Paribas Group’s ability to allocate and apply its capital and financing resources, limit its ability to diversify its 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 its products and services, require it to effect internal reorganisations, structural changes or reallocations, affect its ability to conduct certain activities or to attract and/or retain talent, facilitate the entry of new players in the financial services sector or affect the business model of the BNP Paribas Group and, more generally, affect its competitiveness (including with other international banking groups that may not be subject to the same level of regulation) and profitability, which could have a significant impact on its business, financial condition and results of operations.

## **6.2 The BNP Paribas Group may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.**

The BNP Paribas Group is subject to regulatory compliance risk. 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 licences. 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. 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.n *Provisions for contingencies and charges* to its unaudited consolidated financial statements for the year ended 31 December 2024.

Regarding the Cease and Desist Order issued jointly by the French *Autorité de contrôle prudentiel et de résolution* and the Fed's Board of Governors on 30 June 2014, related to violations by the Bank of US laws and regulations on economic sanctions (which resulted among other things in a fine of USD 8.9 billion), the *Secrétariat Général de l'Autorité de contrôle prudentiel et de résolution* informed BNP Paribas on 19 January 2024 of its conclusion that the Group had fully complied with the provisions of the Cease and Desist Order and that it would no longer monitor the BNP Paribas Group's compliance. On 6 February 2024, the Fed's Board of Governors also announced the termination of the Cease and Desist Order and a related enforcement action.

The BNP Paribas Group is also currently involved in various litigations and investigations as summarised in note 8.c *Legal proceedings and arbitration* to its unaudited consolidated financial statements for the year ended 31 December 2024. It may become involved in other litigation or investigations at any time. 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 or a restructuring independently of and/or before resolution: BNP Paribas Group security holders could suffer losses as a result.**

The BRRD, the Ordinances of 20 August 2015 and 21 December 2020 transposing it, and the Regulation of the European Parliament and Council of the European Union of 15 July 2014, each as amended from time to time, confer upon the ACPR or the Single Resolution Board 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 must be implemented so as to ensure that losses, subject to certain exceptions, are borne first by shareholders, then by holders of additional capital instruments qualifying as Tier 1 (such as super subordinated bonds) and Tier 2 (such as subordinated bonds), then by the holders of senior non-preferred debt and finally by the holders of senior preferred debt, all in accordance with the insolvency ranking in normal insolvency proceedings. For reference, the BNP Paribas Group's medium- to long-term wholesale financing at 31 December 2024 consisted of the following: EUR 16.1 billion in hybrid Tier 1 debt, EUR 26.7 billion in Tier 2 subordinated debt, EUR 1.2 billion in subordinated debt not included in own funds, EUR 73.1 billion in senior unsecured non-preferred debt, EUR 114.6 billion in senior unsecured preferred debt (including EUR 24.9 billion in MREL-eligible senior unsecured preferred debt) and EUR 13.3 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 and/or debt instruments, the conversion into common equity tier 1 instruments of additional tier 1 instruments, tier 2 instruments and/or debt instruments, the dilution of capital instruments through the issuance of new equity, 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*). In addition, the resolution authorities must exercise the full or partial write-down of capital instruments or the conversion into equity of additional capital instruments qualifying as tier 1 (such as super-subordinated bonds) and tier 2 (such as subordinated bonds) before the opening of a resolution proceeding if the conditions for initiating it are met.

Moreover, certain powers, including the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity or the conversion into equity of additional capital instruments qualifying as Tier 1 (such as super-subordinated bonds) and Tier 2 (such as subordinated bonds), can also be exercised before resolution proceedings and/or independently thereof, such as 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 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 the publication of its results for the year ended 31 December 2021, the BNP Paribas Group announced its 2025 strategic plan. The plan includes financial and operational objectives. In connection with the publication of its results for the year ended 31 December 2024, the BNP Paribas Group detailed the 2025-2026 trajectory of its strategic plan at the level of the Group and within each division. The BNP Paribas Group's actual results could vary significantly from these trends for a number of reasons, including the materialisation of one or more of the risks described in this section. If the BNP Paribas Group's results do not follow these trends, its financial condition and the price 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 2022, the BNP Paribas Group strengthened its commitment to a sustainable economy and accelerated decarbonation 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, institutions 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 articles 8 and 9 as defined by SFDR). In addition, 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. At the end of 2022, the BNP Paribas Group published its first climate alignment report and its targets for reducing carbon emission intensity by 2025 and took the necessary measures with the objective of meeting its targets for aligning its credit portfolios with its carbon neutrality commitments. Moreover, in January 2023, the Group strengthened

its social commitment policy and is working alongside its clients as part of a global approach to the transition to a sustainable, low-carbon economy. Building on the expertise developed through the Low- Carbon Transition Group, the Group announced new objectives that will result in an acceleration in the financing of low-carbon energy production and a reduction in the financing of fossil fuel production by 2030. Finally, in its 2024 Climate Report, the BNP Paribas Group set a target of a 70% absolute reduction in its financed emissions for the oil and gas sector (from 27.3 million tonnes of CO<sub>2</sub>e at the end of September 2022 to 8.2 MtCO<sub>2</sub>e in 2030), which replaces the previous emissions intensity indicator. If the Group fails to meet these targets, which depend in part on factors beyond its control, its reputation could be affected.

## **7.2 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 regularly undertakes merger and acquisition transactions. It has in particular announced its intention to allocate part of the proceeds from the sale of Bank of the West to acquisitions. The BNP Paribas Group's most recent major such transactions were the integration of Deutsche Bank's Prime Brokerage & Electronic Execution platform in 2019, the acquisition of 100% of Exane, previously 50% owned by BNP Paribas, in 2021, the acquisition of 100% of Floa in 2022, the acquisition of Kantox in 2023 and the acquisitions of BCC Vita and Neuflyze Vie in 2024. 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.

## **7.3 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.

#### **7.4 The BNP Paribas Group could experience business disruption and losses due to risks related to environmental, social and governance (“ESG”) issues, particularly relating to climate change, 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 for a transition to a low-carbon economy; and (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. Physical risk can spread throughout the value chain of the BNP Paribas Group’s clients, which can lead to a payment default and thus generate financial losses, while the process of reducing emissions is likely to have a significant impact on all sectors of the economy by affecting the value of financial assets and corporate profits.

In addition, liability risks may flow from both categories of risk. They correspond to the financial compensation that can be claimed by individuals, companies, governments or non-governmental organisations (NGOs) that may be affected by climate change events, activities or effects and who would seek to hold actors in the financial sector accountable for financing, facilitating or otherwise contributing to such events, activities, or effects. In recent years, activism by shareholders, activist funds, NGOs and others, particularly on ESG issues, has been directed against many public companies. These initiatives include requiring companies to disclose material information about their ESG-related actions and commitments and, in some cases, seeking to force them to make strategic and business changes. In some jurisdictions, financial sector actors may also face legal action from individuals, companies, governments or NGOs, groups or private persons.

Policy and regulatory initiatives and frameworks, including at the French, European Union and international levels, concerning climate change and sustainability, as well as voluntary and joint commitments through industry alliances, create increasing legal, regulatory and reputational risks. The ESG regulatory framework is constantly changing, evolving and continuing to evolve rapidly. It includes, among other things, requirements in terms of disclosure and the integration of climate risks into risk measurement and management systems, as well as a general duty of care (see section 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). These initiatives and frameworks overlap in some respects and are not always consistent in their objectives, resulting in regulatory complexity and, in some cases, a lack of clarity and difficulty in interpretation. Non-compliance by the Group in its business and disclosure with these and other regulatory requirements, in particular the release of a sustainability report pursuant to the CSRD, as well as any other regulations concerning the transition to a lower carbon economy, climate change, sustainability or energy-related investments, could have a negative impact on its business, the value of its investments and its reputation.

BNP Paribas does not consider ESG risks as a stand-alone risk category, but rather as factors affecting various risk categories such as credit, market and operational risks. Accordingly, the BNP Paribas Group is progressively integrating the assessment of these risks into its risk management system. As explained in detail in section 7 of BNP Paribas' Universal registration document at 31 December 2023, ESG risk factors, including the subset of climate and environmental risk factors, are among the risk factors taken into account by contributors to the Group's risk identification process and to which they apply a risk assessment based on short- to medium-term (three or four years) as well as long-term scenarios. In addition, to enhance its 2023 risk identification process, the Group identified several major risk trends or threats that are directly or indirectly linked to climate change and that must be considered when updating the Group Risk Inventory. These trends and threats include the evolutions in insurance and reinsurance markets; customers' expectations regarding climate-related concerns and the impact of consumerism; investors' financial expectations in the context of increased climate and environmental risks; updated assessments of the economic impact of climate change and energy transition; demand-supply gaps for natural resources; risks induced by ecosystems collapse and damage to ecosystem services; threats to health and resistance of pathogenic agents; the focus on banks' role in ESG matters and related reputational risks; and widening inequalities, societal polarisation and social unrest related to climate and environmental issues. 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 as from 2012 and 2014, respectively, with the addition of clauses relating to social and environmental responsibility. In addition, the development of regulatory requirements in this area could lead to an increase in litigation against financial institutions in relation to climate change and other related issues. The Group could thus be held liable for transaction execution failings such as inadequate assessment of the environmental, social and governance criteria of certain financial products.

In addition, sector-specific policies including to rule out financing certain sectors defined by ESG criteria have also been implemented and the BNP Paribas Group will have to adapt its business and in particular its counterparty screening accordingly in order to achieve its strategic objectives (see section 7.1 *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*). Specifically, by way of example, the results of the Group's ESG analysis may lead it to withdraw from a client relationship (unsatisfactory results), place a client relationship under review and regular monitoring (intermediate results), or enter into a new (or continue an existing) client relationship (satisfactory results). Similarly, the Group's assessment of the effectiveness of ESG risk management at the investee entity may lead it to divest from existing investments or affect its decision whether to make new investments. Notwithstanding its efforts to combat climate change and monitor the related risks, the physical, transitional or liability risks related to climate change, or any delay or failure to implement ESG risk management, could have a material adverse effect on the Group's business, financial condition or reputation.

#### **7.5 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%. They 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 21 billion at 31 December 2024, or 3% of the total risk-weighted assets of the BNP Paribas Group. They amounted to EUR 19 billion at 31 December 2023, or 3% of the total risk-weighted assets of the BNP Paribas Group. If the BNP Paribas Group increases the amount of high risk-weighted assets (either by increasing the proportion of such high 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."



the paragraphs under the heading "*Effect of credit rating reduction*" on page 57 of the Base Prospectus are amended as follows:

"BNPP B.V.'s long term credit rating is A+ with a stable outlook (S&P Global Ratings Europe Limited) and BNPP B.V.'s short term credit rating is A-1 (S&P Global Ratings Europe Limited). BNPP's long term credit ratings are A+ with a stable outlook (S&P Global Ratings Europe Limited), A1 with a stable outlook (Moody's Deutschland GmbH), A+ (**Issuer Default Rating**) with a stable outlook (Fitch Ratings Ireland Limited) and AA (low) with a stable outlook (DBRS Rating GmbH) and BNPP's short-term credit ratings are A-1 (S&P Global Ratings Europe Limited), P-1 (Moody's Deutschland GmbH), F1 (Fitch Ratings Ireland Limited) and R-1 (middle) (DBRS Rating GmbH).

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the relevant Issuer and, if applicable, the Guarantor. Such perceptions are generally influenced by the ratings attributed to the outstanding securities of BNPP B.V. or BNPP by standard statistical rating services, such as S&P Global Ratings Europe Limited, Fitch Ratings Ireland Limited and Moody's Deutschland GmbH. A reduction in the rating, if any, attributed to outstanding debt securities of BNPP B.V. or BNPP by one of these rating agencies could result in a reduction in the trading value of the Securities."

## DOCUMENTS INCORPORATED BY REFERENCE

On 4 February 2025, BNPP filed with the AMF its unaudited consolidated financial statements (in English) for the year ended 31 December 2024, which, by virtue of this Fifth Supplement, is incorporated in, and forms part of, the Base Prospectus.

On 4 February 2025, BNPP published a press release relating to the unaudited financial information of BNPP for the fourth quarter ended 31 December 2024 and the unaudited figures for the year ended 31 December 2024, which, by virtue of this Fifth Supplement, is incorporated in, and forms part of, the Base Prospectus.

The "**DOCUMENTS INCORPORATED BY REFERENCE**" section on pages 102 to 119 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

- (a) the ";" and the word "and" at the end of paragraph (g) are deleted and replaced with ",";
- (b) the following paragraphs (i) and (j) are added under paragraph (h) (which was added by virtue of the Third Supplement):
  - "(i) BNPP's unaudited consolidated financial statements (in English) for the year ended 31 December 2024 (the "**2024 BNPP Unaudited Financial Statements**")"; and
  - (j) the press release dated 4 February 2025 relating to the unaudited financial information of BNPP for the fourth quarter ended 31 December 2024 and the unaudited figures for the year ended 31 December 2024 (the "**4 February 2025 Press Release**"),";
- (c) the table entitled "**BNP PARIBAS**" on pages 115 to 118 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is deleted and replaced with the following table:

**BNP PARIBAS**

Information incorporated by reference	Page Reference					
	BNPP 2022 Universal Registration Document (in English) - <a href="https://invest.bnpparibas/en/document/universal-registration-document-2022">https://invest.bnpparibas/en/document/universal-registration-document-2022</a>	BNPP 2023 Universal Registration Document (in English) - <a href="https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2023">https://invest.bnpparibas/en/document/universal-registration-document-and-annual-financial-report-2023</a>	First Amendment to the BNPP 2023 Universal Registration Document (in English) <a href="https://invest.bnpparibas/document/1st-amendment-to-the-2023-universal-registration-document-and-annual-financial-report">https://invest.bnpparibas/document/1st-amendment-to-the-2023-universal-registration-document-and-annual-financial-report</a>	Second Amendment to the BNPP 2023 Universal Registration Document (in English) <a href="https://invest.bnpparibas/en/document/2nd-amendment-to-the-2023-universal-registration-document-and-annual-financial-report">https://invest.bnpparibas/en/document/2nd-amendment-to-the-2023-universal-registration-document-and-annual-financial-report</a>	Third Amendment to the BNPP 2023 Universal Registration Document (in English) <a href="https://invest.bnpparibas/en/document/3rd-amendment-to-the-2023-universal-registration-document-and-annual-financial-report">https://invest.bnpparibas/en/document/3rd-amendment-to-the-2023-universal-registration-document-and-annual-financial-report</a>	2024 BNPP Unaudited Financial Statements and 4 February 2025 Press Release (in English) – <a href="https://invest.bnpparibas/en/document/4q24-cfsu">https://invest.bnpparibas/en/document/4q24-cfsu</a> and <a href="https://invest.bnpparibas/en/document/4q24-pr">https://invest.bnpparibas/en/document/4q24-pr</a>
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<b>11.1.7 Age of financial information</b>	178	176				
<b>11.2 Interim and other financial information</b>						
<b>11.2.1 Quarterly or half-yearly financial information</b>			4-69	74-196	3-73	1-143 of the 2024 BNPP Unaudited Financial Statements 1-27 of the 4 February 2025 Press Release
<b>11.3 Auditing of historical annual financial information</b>						
<b>11.3.1 Historical annual financial information independently audited</b>	297-302; 613-618	297-302; 625-630				
<b>11.3.1 a Refusal, qualifications, modifications of opinion, disclaimers or emphasis of matter by the auditors</b>		297				
<b>11.3.2 Other information audited</b>	738-739	784-785				
<b>11.3.3 Source of not audited information</b>						
<b>11.4 Legal and arbitration proceedings</b>						119-120 of the 2024 BNPP Unaudited Financial Statements
<b>11.4.1 Information on any governmental, legal or arbitration proceedings</b>		279-280	85-86	308-309	88-89	

<b>11.5 Significant change in the issuer's financial position</b>						
<b>11.5.1 Description of any significant change in the financial position of the group</b>		771	85	308	88	
<b>12. Additional information</b>						
<b>12.1 Share capital</b>		20; 274-276; 603-605; 779; 798				
<b>12.2 Memorandum of Articles of Association</b>		779-784				
<b>13. Material contracts</b>						
<b>13.1 Summary of each material contract</b>		770				
<b>14. Documents available</b>						
<b>14.1 Availability of the documents</b>		770	85	307	88	



- (d) in the last paragraph on page 119 of the Base Prospectus, the second sentence is amended as follows:
- "Each of the documents incorporated by reference in (c) to ~~(h)~~ (j) above will only be made available by the relevant Issuer or the Guarantor (if applicable) to which such document relates."

## AMENDMENTS TO THE RECENT DEVELOPMENTS SECTION

The "**RECENT DEVELOPMENTS**" section of the Base Prospectus (which was added on page 1566 of the Base Prospectus after the section "**OFFERING AND SALE**" and before the section "**GENERAL INFORMATION**" by virtue of the Fourth Supplement) is completed with the following press release dated 4 February 2025 issued by BNP Paribas in relation to the announcement of the implementation of a semi-annual interim dividend payment starting in 2025:

"On 3 February 2025, BNP Paribas' Board of Directors, chaired by Jean Lemierre, approved the principle of a semi-annual interim dividend starting in the 2025 financial year, which would be paid out in late September. Each interim dividend will amount to 50% of the net earnings per share of the first half-year, in accordance with BNP Paribas' cash payout distribution policy.

The first interim dividend related to the 2025 financial statements would be paid on 30 September 2025 and calculated on the basis of 50% of the net earnings per share of the first half of 2025.

As a result of the introduction of a semi-annual interim dividend payment, the return to the shareholder in 2025 will comprise:

- (i) the full dividend paid out in cash on 2024 earnings, subject to approval by the General Meeting of shareholders planned on 13 May 2025;
- (ii) the share buyback programme set out in the Group distribution policy for the 2024 financial year subject to the usual conditions, including European Central Bank authorisation; and
- (iii) the interim dividend on 2025 financial year, which would be decided by the Board of Directors in an amount calculated and paid based on the aforementioned description."

## AMENDMENTS TO THE GENERAL INFORMATION

The "**GENERAL INFORMATION**" section on pages 1566 to 1572 of the Base Prospectus is amended as follows:

- (a) the fourth sentence under the heading "1. Authorisation" on page 1566 of the Base Prospectus is amended as follows:

"The issue of Certificates by BNPP under the Programme is authorised pursuant to the Board resolution dated ~~19 December 2024~~<sup>31 January 2024</sup>."

- (b) the first paragraph under the heading "6. Legal and Arbitration Proceedings" on page 1567 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

"Save as disclosed on pages 279 and 280 of the BNPP 2023 Universal Registration Document (in English), pages 85 and 86 of the First Amendment to the BNPP 2023 Universal Registration Document (in English), pages 308 and 309 of the Second Amendment to the BNPP 2023 Universal Registration Document (in English), ~~and~~ pages 88 and 89 of the Third Amendment to the BNPP 2023 Universal Registration Document (in English) ~~and~~ **pages 119 to 120 of the 2024 BNPP Unaudited Financial Statements (in English)**, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BNPP is aware), during the period covering the twelve (12) months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on BNPP's and/or the Group's financial position or profitability.";

- (c) the first paragraph under the heading "7. Significant Change" on page 1567 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

"There has been no significant change in the financial performance or position of BNPP or the Group since ~~31 December 2024~~<sup>30 September 2024</sup> (being the end of the last financial period for which financial information has been published).";

- (d) the paragraph under the heading "18. Events impacting the solvency of BNPP" on page 1572 of the Base Prospectus (which was amended by virtue of the Previous Supplements) is amended as follows:

"To the best of BNPP'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 December 2024~~<sup>30 September 2024</sup>."; and

- (e) by the insertion of the following sub-section immediately beneath the sub-section "19. Share capital of BNPP" on page 1572 of the Base Prospectus:

"20. Declaration concerning the unaudited results of BNPP for the periods ending 31 December 2024

The statutory auditors have audited the financial statements of BNPP for the years ended 31 December 2022 and 31 December 2023. They have also reviewed the condensed interim consolidated financial statements of BNPP as of and for the six-month period ended 30 June 2024. The French statutory auditors carry out their engagements in accordance with professional standards applicable in France.

The board of directors examined the Group's results for the fourth quarter of 2024 and endorsed the 2024 financial statements, in relation to the 2024 BNPP Unaudited Financial Statements published on 4 February 2025. This financial information has not been audited yet."

## **RESPONSIBILITY STATEMENT**

I hereby certify on behalf of BNPP and BNPP B.V. that, to the best of my knowledge, the information contained in this Fifth Supplement is in accordance with the facts and makes no omission likely to affect its import.

**BNP Paribas**  
16 boulevard des Italiens  
75009 Paris  
France

Represented by Alain Papiasse  
in his capacity as Chairman of Corporate and Institutional Banking (CIB)

Dated 24 February 2025



This Fifth Supplement has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF has approved this Fifth Supplement after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuers (or the Guarantor, if applicable) or on the quality of the Securities described in the Base Prospectus (as amended by the Previous Supplements and this Fifth Supplement). Investors should make their own assessment of the opportunity to invest in such Securities. The approval does not imply the verification of the accuracy of the information by the AMF.

This Fifth Supplement has been approved on 24 February 2025. This Fifth Supplement obtained the following approval number: n°25-048.