

2019 FINANCIAL INFORMATION

SECURITIES SERVICES FINANCIAL REPORT



BNP PARIBAS

The bank
for a changing
world

ROBUST RESULTS

€10.5tn 
assets under custody

+13.3%*

€2.5tn 
assets under administration

+8.1%*

96.7m 
transactions settled

+2.3%*

10,484 
funds administered

-0.6%*

EXTENSIVE GLOBAL PRESENCE

Proprietary network in
26 COUNTRIES 

Local expertise in
35 MARKETS 

Employees worldwide
12,072 

90+ MARKETS
covered 

All figures as at 31.12.2019 * Versus 2018 equivalent

BNP PARIBAS SECURITIES SERVICES IN 2019

BNP Paribas Securities Services continued its excellent business drive in 2019, posting a significant rise in assets under custody and assets under administration and securing a number of new strategic mandates.

Key metrics:

- Assets under custody grew by 13.3% to EUR 10,542 billion
- Assets under administration reached EUR 2,512 billion, up by 8.1%

KEY DEALS



- Selected by U.S. Bank, the fifth largest commercial bank in the country, to provide global custody services in 11 European markets, as well as local custody services in the UK and Ireland. The relationship represents over USD 10 billion in assets
- Selected by Protección S.A., one of Colombia's largest pension funds, to provide global custody services for its foreign portfolio of over USD 7.5 billion in assets



- Selected by Pensioenfond PostNL, the company pension fund of PostNL, to provide custody, investment accounting, investment compliance, regulatory reporting as well as performance and risk analytics services
- Reappointed by AXA Group, one of the world's leading insurance and asset management companies, to provide global custody, depository banking and transfer agent services in 7 European markets



- Selected by Nikko Asset Management, one of Asia's largest asset managers, to provide middle office, custody services, trustee, transfer agent and fund administration for its first passive exchange traded fund (ETF) domiciled in Hong Kong
- Selected to provide clearing, settlement and custody services to Huatai Financial Holdings (Hong Kong) Limited, a wholly owned subsidiary of Huatai Securities Co., Ltd

BNP PARIBAS GROUP RESULTS 2019

BNP Paribas delivered a very good overall performance in 2019, confirming the strength of its diversified and integrated model and its ability to create value in changing economic, technological, environmental, regulatory and societal conditions.

- Revenues totalled EUR 44,597 million, up 4.9% compared to 2018
- Revenues were up 5.9% in the operating divisions, with an increase in all the divisions:
 - Domestic Markets¹ +0.8%
 - International Financial Services +6.9%
 - Corporate and Institutional Banking +11.6%

- Pre-tax income, which came to EUR 11,394 million, was up 11.6%
- Net income attributable to equity holders was EUR 8,173 million, up 8.6% compared to 2018, and +4.7% excluding exceptional items

In 2020, the Group anticipates continuing to grow business in all the operating divisions, by leveraging a strong business drive and the contribution of the diversified and integrated model.

The Group will be able to leverage an ever more efficient and more digital operating model serving customers and employees.

¹ Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)

KEY HIGHLIGHTS 2019

Shaping tomorrow's fund distribution services

We entered into a strategic partnership agreement with Allfunds, one of the biggest fund distribution platforms. As well as giving our clients access to one of the world's most successful fund distribution platforms, this partnership will enable us to develop next-generation fund distribution and data analytics services.

Digitalising our private capital offering

We took a strategic stake in specialist fintech AssetMetrix, a leader in alternative classes analytics, to help clients monitor their non-listed assets. AssetMetrix's specialist tools will enable our clients to monitor their non-listed investments, optimising decision-making and enhancing risk monitoring.

Opening new doors to China

We worked closely with market infrastructures, as well as clients across London and several Asian locations, to support them in accessing the Shanghai-London Stock Connect scheme. Our client-focused approach and in-depth knowledge of all China access schemes are testament to our cross-border expertise.

DIGITAL INNOVATIONS

We are driving innovation in asset servicing to create the bank of tomorrow.



Optimising collateral management

We became the first custodian to provide a long-term predictive analysis on collateral for OTC derivatives. Our web-based offer uses data-driven predictive analysis to allow our clients to manage the counterparty and liquidity risks of their OTC derivatives. The solution also allows to simulate 'what if scenarios', as well as collateral allocation optimisation.



Connecting fund professionals

We launched Ffyn, a start-up owned by BNP Paribas Securities Services. Ffyn aims to become a single source of information for the mutual fund industry by bringing together asset managers and institutional investors on a single collaborative platform, helping them share information easily and solving a long-standing pain point in the industry.



Facilitating fund administration operations

We released a set of Application Programme Interfaces (APIs) in our fund administration business, allowing our asset manager clients to receive information from us in real time directly into their systems. This helps them streamline their data management and enhance their internal control mechanisms. Crucially, clients also benefit from higher straight-through processing rates and improved analytics.

24 AWARDS IN 2019

The Banker Transaction Banking Awards 2019

- Transaction Bank of the Year for Securities Services

Global Custodian Leaders in Custody Awards 2019

- Relationship Management and Client Service – Southern Europe
- Asset Servicing – Asia-Pacific
- Continued Excellence in Southern Europe
- Continued Excellence in Western Europe

Asia Risk Awards 2019

- Custodian of the Year

Asia Asset Management Best of the Best Awards 2019

- Best Global Custodian in Asia-Pacific

Asian Investor Asset Management Awards 2019

- Best Bank for Cross Border Custody

The Asset Triple A Asset Servicing Awards 2019

- Best Custodian – Stock Connect
- Best Fund Administrator – Alternatives
- Best Sub-custodian – Broker Dealer
- Best Custody Mandate – Asset Manager for Kiwi Wealth
- Best Custody Specialist – Fund Managers (Highly Commended)



Funds Europe Awards 2019

- European Hedge Fund Administrator of the Year

Global Custodian Industry Leaders Awards 2019

- Hedge Fund Administration – Fund Accounting

HFM European Hedge Fund Services Awards 2019

- Best Administrator – Fund of Hedge Funds

HFM Hedge Fund Awards Asia 2019

- Best administrator – Fund of Hedge Funds

HFM Asia Services Awards 2019

- Best Administrator – Under \$30bn Single Manager

HFM European Quant Awards 2019

- Best administrator – Client Service

Alt Credit European Services Awards 2019

- Best Middle Office Services
- Best Fund Administrator – Private Credit (Highly Commended)

International Securities Finance Awards 2019

- Agency equity lending – Group one lenders: Highly Commended in EMEA
- Principal equity lending – The Most Innovative Group 2 Lender
- Principal equity lending – Highly Commended in Americas and APAC & Global by Group One Borrowers



PATRICK COLLE

–
General Manager
BNP Paribas Securities Services



JACQUES D'ESTAIS

–
Chairman of the supervisory board
BNP Paribas Securities Services
Member of the executive committee
BNP Paribas

BNP PARIBAS GROUP FINANCIAL STATEMENTS

Consolidated balance sheet

Assets

IN MILLIONS OF EUROS	2019	2018
Cash and amounts due from central banks	155,135	185,119
Financial instruments at fair value through profit or loss	576,149	538,565
Derivatives used for hedging purposes	12,452	9,810
Financial assets at fair value through equity	52,669	55,989
Loans and advances to credit institutions	21,692	19,556
Loans and advances to customers	805,777	765,871
Debt securities	108,454	75,073
Remeasurement adjustment on interest-rate risk hedged portfolios	4,303	2,787
Financial investments of insurance activities	257,818	232,308
Current and deferred tax assets	6,813	7,220
Accrued income and other assets	113,535	103,346
Equity-method Investments	5,952	5,772
Property, plant and equipment and investment property	32,295	26,652
Intangible assets	3,852	3,783
Goodwill	7,817	8,487
Non-current assets held for sale	-	498
Total assets	2,164,713	2,040,836

Liabilities and shareholders' equity

IN MILLIONS OF EUROS	2019	2018
Deposits from central banks	2,985	1,354
Financial instruments at fair value through profit or loss	582,226	559,940
Derivatives used for hedging purposes	14,116	11,677
Deposits from credit institutions	84,566	78,915
Deposits from customers	834,667	796,548
Debt securities	157,578	151,451
Subordinated debt	20,003	17,627
Remeasurements adjustment on interest-rate risk hedged portfolios	3,989	2,470
Current and deferred tax liabilities	3,566	2,255
Accrued expenses and other liabilities	102,749	89,562
Technical reserves of insurance companies	236,937	213,691
Provisions for contingencies and charges	9,486	9,620
Total liabilities	2,052,868	1,935,110
Share capital, additional paid-in capital and retained earnings	97,135	93,431
Net income for the period attributable to shareholders	8,173	7,526
Changes in assets and liabilities recognised directly in equity	2,145	510
Shareholders' equity	107,453	101,467
Minority interests	4,392	4,259
Total consolidated equity	111,845	105,726
Total liabilities and equity	2,164,713	2,040,836

Consolidated profit and loss account

IN MILLIONS OF EUROS	2019	2018
Net interest income	21,127	21,062
Net commission income	9,365	9,207
Net gain on financial instruments at fair value through profit or loss	7,111	5,808
Net gain on financial instruments at fair value through equity	350	315
Net gains on derecognised financial assets at amortised cost	3	-5
Net income from insurance activities	4,437	4,064
Net Income from other activities	2,204	2,065
Net banking income	44,597	42,516
Operating expense	-28,892	-28,907
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2,445	-1,676
Gross operating income	13,260	11,933
Cost of risk	-3,203	-2,764
Operating income	10,057	9,169
Share of earnings of equity-method entities	586	628
Net gain/loss on non-current assets	1,569	358
Change in value of goodwill	-818	53
Pre-tax net income	11,394	10,208
Corporate income tax	-2,811	-2,203
Net income	8,583	8,005
Net income attributable to minority interests	410	479
Net income attributable to equity holders	8,173	7,526

Long-term credit ratings BNP Paribas

Standard & Poor's	A+	Negative	23.04.2020
Moody's	Aa3	Stable Rating Watch	09.12.2019
Fitch	AA-	Negative	28.05.2020
DBRS	AA (low)	Stable	12.07.2019

Long-term credit ratings BNP Paribas Securities Services

Standard & Poor's	A+	Negative	23.04.2020
Moody's	Aa3	Stable Rating Watch	09.12.2019
Fitch	AA-	Negative	28.05.2020

BNP PARIBAS SECURITIES SERVICES FINANCIAL STATEMENTS

Statutory balance sheet

Assets

IN MILLIONS OF EUROS	2019	2018
Cash and amounts due from central banks and post office banks	9,002	3,286
Treasury bills and money-market instruments	23,380	17,265
Due from credit institutions	83,245	90,220
Customer items	3,195	6,973
Bonds and other fixed-income securities	2,220	1,782
Equities and other variable-income securities	14,651	9,425
Investment in undertakings and other participating interests and equities securities held for long-term investment	121	124
Tangible and intangible assets and goodwill	634	649
Accrued income and other assets	25,448	17,889
Total assets	161,898	147,612

Liabilities and shareholders' equity

IN MILLIONS OF EUROS	2019	2018
Due to central banks and post office banks	3	1
Due to credit institutions	12,024	11,208
Customer items	94,707	95,464
Other liabilities	52,504	38,340
Accrued expenses and other adjustments	1,261	1,288
Provisions for contingencies and charges	164	134
Subordinated debts	200	200
Total liabilities	160,863	146,635
Shareholders' equity	1,035	977
- Raised capital	183	183
- Premium	570	570
- Reserves	97	96
- Retained earnings	0	0
- Net income	185	128
Total equity	1,035	977
Total liabilities and shareholders' equity	161,898	147,612

Notes

BNP Paribas Securities Services has a French banking license and is therefore regulated by banking authorities in Europe and France. It is fully owned (directly or indirectly) by BNP Paribas SA.

Thanks to its legal form ("Société en Commandite par Actions (SCA)" or partnership limited by shares), the parent company is indefinitely liable for the debts of the company through its own assets.

The Fund Administration and Trust businesses carried out by BNP Paribas Fund Services companies form part of the Securities Services business line but does not impact BNP Paribas Securities Services' statutory financial statements. These companies are subsidiaries (not branches) of BNP Paribas Securities Services and it should be noted that BNP Paribas Securities Services does not produce consolidated financial statements.

The statutory accounts of BNP Paribas Securities Services are prepared in accordance with applicable regulations in France for a non-listed company (French GAAP). Since the implementation of IFRS norms in 2005, the bank continues to harmonise its statutory accounts with international norms wherever consistent with French accounting rules.

Statutory profit and loss account

IN MILLIONS OF EUROS	2019	2018
Net interest income	556	532
Net commission income	1,174	1,142
Net other banking income	191	111
Net banking income	1,921	1,786
General operating expenses	-1,519	-1,479
Depreciation, amortisation and provisions on tangible and intangible assets and goodwill	-90	-62
Gross operating income	312	245
Cost of risk	0	0
Operating income	312	245
Gain (loss) on disposals of long term investments and changes in provisions	-23	-30
Goodwill amortisation	0	0
Net non recurring items	0	0
Net income before tax	290	215
Income tax	-104	-87
Net income	185	128

Notes to the BNP Paribas Securities Services statutory balance sheet

It is to be noted that comparability of balance sheet is partially impacted following acquisitions or restructuring made in 2019.

Due from/to credit institutions items amount to EUR 83,245 million (on the asset side) and EUR 12,024 million (on the liability side) of which main part are transactions with the BNP Paribas Group. Remaining balances on the asset side are securities received under resale agreements and on the liability side securities given under repurchase agreement.

Customer items on the asset side refer mainly to securities received under resale agreements and short-term overdrafts granted to selected clients, essentially institutional investors, for which BNP Paribas Securities Services applies strict credit requirements. On the liability side, this line, which amounts to EUR 94,707 million, reflects the current accounts balances of non-banking institutional clients, especially mutual funds.

Treasury Bills, Bonds and other fixed-income securities, Equities and other variable-income securities mainly include EUR 36,681 million related to the Securities Lending and Borrowing transactions that accounting rules requires to report as such. The associated debt is accounted for on the liability side as debt on borrowed securities under other liabilities.

Tangible and intangible assets and goodwill include mainly goodwill for a total of EUR 528 million related to acquisitions and legal restructuring made in 2019 and the previous years. The remainder is mainly information technology investments.

Accrued income and other assets on the asset side and Accrued expenses and other adjustments and other liabilities on the liability side amount to EUR 25,448 million and EUR 53,765 million respectively, and include mainly cash collateral related to securities lending and borrowing transactions as well as derivatives clearing activity on the asset side and cash deposits and debt on borrowed securities on the liability side.

Provisions for contingencies and charges amount to EUR 164 million of which EUR 49 million relate to pension liabilities.

Notes to the BNP Paribas Securities Services profit and loss account

In 2019, BNP Paribas Securities Services has seen an increase in its revenues explained by positive stock markets trend along the year and a strong commercial momentum, especially in the APAC region. Consequently, assets under custody have increased by 13.3% compared with 2018 and assets under management have grown by 8.1%. Also, the level of transactions settled in 2019 has increased by 2.3% compared to 2018. On the other hand, interest rates, mainly short term euro based, have shown a negative trend over the whole year compared to 2018. Despite this latter effect, Net banking income shows a 7.6% increase. Net commission income, the major source of revenue, is driven mainly by the number of transactions settled and the value of assets held in custody and administration. Fees and commissions paid include mainly the fees and commissions paid to sub-custodians and central depositories.

General operating expenses show a 2.7% increase versus 2018, driven mainly by investments to support the business development growth and its digitalisation, to adapt to the latest regulations as well as the contribution of BNP Paribas Securities Services in the Single Resolution Fund and the consolidation within BNP Paribas Securities Services statutory accounts of the activities incorporated in 2018.

Depreciation, amortisation and provisions on tangible and intangible assets and goodwill include mainly IT software depreciation and amortization of goodwill related to acquisitions and internal legal restructuring made over the past years, especially in Germany, Spain, Italy, France, Ireland and the United Kingdom as well as tangible assets depreciation.

Income tax amounts to EUR 104 million. Consequently, net income shows a 44% increase compared to 2018.

BNP PARIBAS SECURITIES SERVICES ORGANISATION AT 31 DECEMBER 2019



BUSINESS CARRIED OUT VIA BRANCHES

	Australia
	Austria ⁽¹⁾
	Belgium
	Cyprus ⁽²⁾
	Germany
	Greece
	Guernsey
	Hong Kong
	Hungary
	Ireland
	Italy
	Jersey
	Luxembourg
	Netherlands
	Poland
	Portugal
	Singapore
	Spain
	Sweden ⁽³⁾
	Switzerland
	United Kingdom

Scope included in statutory balance sheet and in our financial brochures

BUSINESS CARRIED OUT VIA SUBSIDIARIES

	BNP Paribas Fund Services Espana S.L.
	BNP Paribas Fund Services Australasia Pty Ltd
	BNP Paribas Fund Administration Services (Ireland) Ltd
	BNP Paribas Trust Corporation UK Ltd
	France Titrisation S.A.S.
	BNP Paribas Bank & Trust Cayman Ltd
	BNP Paribas Trust Services Singapore Ltd
	BNP Paribas Depositary Services (Jersey) Ltd
	MyFundMatch SAS
	BNP Paribas Global Securities Operations Private Ltd
	BNP Paribas Securities Services Sociedad Fiduciaria SA
	BNP Paribas Fund Services Australia Pty Ltd New Zealand Branch
	BNP Paribas Trust Services (Hong Kong) Ltd
	AlterAsset Technologies SAS
	ClimateSeed SAS ⁽⁴⁾
	AELX SAS

BUSINESS CARRIED OUT VIA JOINT-VENTURES OR PARTNERSHIPS

	AssetMetrix GmbH
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Notes

- 1 Business operated remotely from Frankfurt
- 2 Business operated remotely from Athens
- 3 Business operated remotely from Amsterdam
- 4 Activity qualified as Social Business



BNP PARIBAS

BUSINESS CARRIED OUT VIA BNP PARIBAS SUBSIDIARIES OR AFFILIATES

-  BNP Paribas Financial Services LLC
-  BNP Paribas Brazil
-  BNP Paribas (China) Ltd
-  TEB Bank (Turkey)
-  SLIB SA
-  BNP Paribas Securities Corp.
-  BNP Paribas Securities (Japan) Ltd
-  BNP Investment Partners México, S.A. de C.V.,
Sociedad Operadora de Fondos⁽⁵⁾

BUSINESS CARRIED OUT VIA BNP PARIBAS BRANCHES

-  India
-  United Kingdom
-  United States

Notes

5 New business since March 2020



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In the U.S., BNP Paribas Securities Services is a business line of BNP Paribas which is incorporated in France with limited liability. Services provided under this business line, including the services described in this document, if offered in the U.S., are offered through BNP Paribas, New York Branch (which is duly authorized and licensed by the State of New York Department of Financial Services); if a securities product, through BNP Paribas Securities Corp. which is a broker-dealer registered with the Securities and Exchange Commission and a member of SIPC and the Financial Industry Regulatory Authority; or if a futures product through BNP Paribas Securities Corp., a Futures Commission Merchant registered with the Commodities Futures Trading Commission and a member of the National Futures Association.

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