

# 2020 FINANCIAL INFORMATION

## SECURITIES SERVICES FINANCIAL REPORT



**BNP PARIBAS**

The bank  
for a changing  
world

## ROBUST RESULTS

€11.0tn



+4.2%\*

assets under custody

€2.7tn



+5.8%\*

assets under administration

124.5m



+28.8%\*

transactions settled

10,729



+2.3%\*

funds administered

## EXTENSIVE GLOBAL PRESENCE

Proprietary network in  
**27 COUNTRIES\*\***



Local expertise in  
**35 MARKETS**



Employees worldwide

**12,098**



**90+** MARKETS  
covered



All figures as at 31.12.2020 \* Versus 2019 equivalent \*\* as at 05.05.2021

# BNP PARIBAS SECURITIES SERVICES IN 2020

BNP Paribas Securities Services achieved a good level of activity and a solid development drive in 2020, with very sustained transactions volumes throughout the year.

## Key metrics:

- Assets under custody grew by 4.2% to EUR 10,980 billion
- Assets under administration reached EUR 2,659 billion, up by 5.8%
- Settled transactions increased by 28.8% to 124.5 million

## KEY DEALS



- Selected by BlackRock, one of the world's leading providers of investment, advisory and risk management solutions, to provide fund accounting related services for USD 28 billion in assets of Mexican mutual funds



- Selected by the European Union to provide paying agent services for the issuance and post-issuance of the European Union's entire debt programme in the form of the largest ever social bond issuance in the world
- Appointed by Clearstream, a leading European supplier of post-trading services, to provide local sub-custody services in Australia and New Zealand



- Selected by BEA Union Investment, the first fund manager to use Hong Kong's Open-ended Fund Company (OFC) regime for an actively-managed retail fund, to provide a large range of custody services including fiduciary duties, fund administration and transfer agency services
- Appointed by AIA Group, the largest independent publicly listed pan-Asian life insurance group, to provide new predictive collateral coverage reporting solution

## BNP PARIBAS GROUP RESULTS 2020

In 2020, BNP Paribas' diversified and integrated model demonstrated its effectiveness and resilience in a context marked by the Covid-19 health crisis.

- At EUR 44,275 million, revenues were almost stable (down 0.7%) compared to 2019 (up 1.3% at constant scope and exchange rates)<sup>[1]</sup>
- Revenues were up 0.2% in the operating divisions (up 2.0% at constant scope and exchange rates):
  - Domestic Markets<sup>[2]</sup> -2.1%
  - International Financial Services -7.2%<sup>[3]</sup>
  - Corporate and Institutional Banking +13.9%<sup>[4]</sup>
- Pre-tax income, which came to EUR 9,822 million, was down by 13.8%
- Net income attributable to equity holders was EUR 7,067 million, down 13.5% compared to 2019, and down by 19.2% excluding exceptional items

1 2020 revenues included a -104 million euro exceptional accounting impact of a swap set up for the transfer of an activity

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

3 -4.6% at constant scope and exchange rates

4 +16.2% at constant scope and exchange rates

# KEY HIGHLIGHTS 2020

## Building the fund distribution services of tomorrow

We have successfully completed our strategic agreement with Allfunds, a world-class leader in wealth technology. Combining our expertise with that of Allfunds, we have developed Fund@ccess, an integrated platform to invest in funds, with the aim of achieving the best client experience in the industry.

## Providing true front-to-back asset servicing

We have entered into a strategic alliance with BlackRock's Aladdin Provider to deliver integrated investment management capabilities to mutual clients. This alliance brings together our middle office, fund administration and custody services with Aladdin's investment management infrastructure to create a fully integrated end-to-end investment management solution.

## Developing our footprint and capabilities

As part of our strategy to develop our network in targeted markets in Europe and globally, we signed an agreement to acquire the depositary banking business of Banco Sabadell, which represents EUR 22 billion in assets under depositary, consolidating our position as a leading asset servicing provider in Spain.

# DIGITAL INNOVATIONS

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

### Making custody processes better, faster and simpler



Using intelligent document processing technologies, we automated the processing of 500,000 asset servicing documents, with the objective to enhance back office operational efficiency, increase straight-through processing rates and provide faster services to our clients.

We have also launched a Natural Language Generation solution to automatically generate concise and insightful reports summarising hundreds of pages of global custody data. This helps our clients enhance the monitoring and oversight of their operations.

### Anticipating collateral requirements



We have launched a Predictive Collateral Coverage Reporting solution, based on big data analytics and powerful calculations engines, to help asset owners measure and monitor the counterparty and liquidity risk arising from their derivatives exposure and anticipate their long-term collateral requirements. The solution enables them to manage the huge amount of data and complex calculation and pricing models required to simulate a multitude of what-if scenarios across the lifetime of their derivatives portfolios.

### Easing access to ESG data



As part of our ambition to help asset managers and investors access reliable ESG information and report on the sustainability of their investments, we launched Manaos, a platform on which they can:

- Store their fund data securely to obtain a comprehensive and transparent view of their investments
- Connect to leading ESG fintechs to proof-test and scale cost-efficient sustainable strategies, in just a few clicks

## 23 AWARDS IN 2020

### Global Custodian Leaders in Custody Awards 2020

- Multi-Market Excellence – Western Europe
- Editors' Choice – Best New Asset Servicing Partnership (US Bank)

### Asia Asset Management Best of the Best Awards 2020

- Best Global Custodian in Asia-Pacific

### Asia Risk Awards 2020

- Custodian of the Year
- Clearing Bank of the Year

### Asian Investor Asset Management Awards 2020

- Best Bank for Cross Border Custody

### HFM Asia Services Awards 2020

- Best Administrator – Client Service
- Best administrator – under \$30bn single manager (Highly Commended)

### The Asset Triple A Digital Awards 2020

- Best Data Analytics Project (Predictive Collateral Coverage Reporting)



### The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020

- Best Sub-Custodian, Broker-Dealers
- Best Fund Administrator, Alternatives
- Best ETF Mandate – Nikko AM Global Internet ETF
- Best Middle Office Mandate – Eastspring Investments
- Best Fund Administration Mandate, Singapore – CSOP Asset Management
- Best Custody Mandate, Broker Dealer – Huatai Financial Holdings
- Best Custody Specialist, Fund Managers (Highly Commended)

### Funds Europe Awards 2020

- European Alternative Administrator of the Year

### HFM European Services Awards 2020

- Best Depositary Solution
- Best Administrator – Middle-Office Services (Highly Commended)

### HFM US Services Awards 2020

- Best Administrator – Fund of Hedge Funds (Highly Commended)

### HFM European Quant Services Awards 2020

- Best Middle and Back Office

### Private Equity Wire European Awards 2020

- Best Debt Provider of the Year – Bank

### Central Banking Awards 2020

- Specialised Lending Initiative



**PATRICK COLLE**

General Manager  
BNP Paribas Securities Services



**JACQUES D'ESTAÏS**

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	2020	2019
Cash and amounts due from central banks	308,703	155,135
Financial instruments at fair value through profit or loss	689,584	576,149
Derivatives used for hedging purposes	15,600	12,452
Financial assets at fair value through equity	58,190	52,669
Loans and advances to credit institutions	18,982	21,692
Loans and advances to customers	809,533	805,777
Debt securities	118,316	108,454
Remeasurement adjustment on interest-rate risk hedged portfolios	5,477	4,303
Financial investments of insurance activities	265,356	257,818
Current and deferred tax assets	6,559	6,813
Accrued income and other assets	140,904	113,535
Equity-method Investments	6,396	5,952
Property, plant and equipment and investment property	33,499	32,295
Intangible assets	3,899	3,852
Goodwill	7,493	7,817
Non-current assets held for sale	-	-
<b>Total assets</b>	<b>2,488,491</b>	<b>2,164,713</b>

### Liabilities and shareholders' equity

IN MILLIONS OF EUROS	2020	2019
Deposits from central banks	1,594	2,985
Financial instruments at fair value through profit or loss	729,514	582,226
Derivatives used for hedging purposes	13,320	14,116
Deposits from credit institutions	147,657	84,566
Deposits from customers	940,991	834,667
Debt securities	148,303	157,578
Subordinated debt	22,474	20,003
Remeasurements adjustment on interest-rate risk hedged portfolios	6,153	3,989
Current and deferred tax liabilities	3,001	3,566
Accrued expenses and other liabilities	107,846	102,749
Technical reserves of insurance companies	240,741	236,937
Provisions for contingencies and charges	9,548	9,486
<b>Total liabilities</b>	<b>2,371,142</b>	<b>2,052,868</b>
Share capital, additional paid-in capital and retained earnings	106,228	97,135
Net income for the period attributable to shareholders	7,067	8,173
Changes in assets and liabilities recognised directly in equity	-496	2,145
<b>Shareholders' equity</b>	<b>112,799</b>	<b>107,453</b>
Minority interests	4,550	4,392
<b>Total consolidated equity</b>	<b>117,349</b>	<b>111,845</b>
<b>Total liabilities and equity</b>	<b>2,488,491</b>	<b>2,164,713</b>

## Consolidated profit and loss account

IN MILLIONS OF EUROS	2020	2019
Net interest income	21,312	21,127
Net commission income	9,862	9,365
Net gain on financial instruments at fair value through profit or loss	6,861	7,111
Net gain on financial instruments at fair value through equity	249	350
Net gains on derecognised financial assets at amortised cost	36	3
Net income from insurance activities	4,114	4,437
Net Income from other activities	1,841	2,204
Net banking income	44,275	44,597
Operating expense	-27,755	-28,892
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2,439	-2,445
Gross operating income	14,081	13,260
Cost of risk	-5,717	-3,203
Operating income	8,364	10,057
Share of earnings of equity-method entities	423	586
Net gain/loss on non-current assets	1,030	1,569
Change in value of goodwill	5	-818
Pre-tax net income	9,822	11,394
Corporate income tax	-2,407	-2,811
Net income	7,415	8,583
Net income attributable to minority interests	348	410
Net income attributable to equity holders	7,067	8,173

## Long-term credit ratings BNP Paribas

Standard & Poor's	A+	Negative	29.04.2021
Moody's	Aa3	Stable	04.12.2020
Fitch	AA-	Negative	12.10.2020
DBRS	AA (low)	Stable	10.07.2020

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. As such, BNP Paribas Securities Services benefits from the same credit ratings as BNP Paribas.

# BNP PARIBAS SECURITIES SERVICES

## FINANCIAL STATEMENTS

### Statutory balance sheet

#### Assets

IN MILLIONS OF EUROS	2020	2019
Cash and amounts due from central banks and post office banks	8,948	9,002
Treasury bills and money-market instruments	2,439	23,380
Due from credit institutions	96,979	83,245
Customer items	4,625	3,195
Bonds and other fixed-income securities	1,412	2,220
Equities and other variable-income securities	3	14,651
Investment in undertakings and other participating interests and equities securities held for long-term investment	532	121
Tangible and intangible assets and goodwill	615	634
Accrued income and other assets	25,155	25,448
<b>Total assets</b>	<b>140,708</b>	<b>161,898</b>

#### Liabilities and shareholders' equity

IN MILLIONS OF EUROS	2020	2019
Due to central banks and post office banks	40	3
Due to credit institutions	13,362	12,024
Customer items	105,085	94,707
Other liabilities	19,423	52,504
Accrued expenses and other adjustments	947	1,261
Provisions for contingencies and charges	185	164
Subordinated debts	200	200
<b>Total liabilities</b>	<b>139,242</b>	<b>160,863</b>
Shareholders' equity	1,466	1,035
– Raised capital	183	183
– Premium	570	570
– Reserves	187	97
– Retained earnings	0	0
– Net income	526	185
<b>Total equity</b>	<b>1,466</b>	<b>1,035</b>
<b>Total liabilities and shareholders' equity</b>	<b>140,708</b>	<b>161,898</b>

#### 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	2020	2019
Net interest income	621	556
Net commission income	1,192	1,174
Net other banking income	145	191
Net banking income	1,958	1,921
General operating expenses	-1,612	-1,519
Depreciation, amortisation and provisions on tangible and intangible assets and goodwill	-62	-90
Gross operating income	284	312
Cost of risk	0	0
Operating income	284	312
Gain (loss) on disposals of long term investments and changes in provisions	350	-23
Goodwill amortisation	-14	0
Net non recurring items	0	0
Net income before tax	620	290
Income tax	-94	-104
Net income	526	185

## Notes to the BNP Paribas Securities Services statutory balance sheet

*Due from/to credit institutions items* amount to EUR 96,979 million (on the asset side) and EUR 13,362 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 105,085 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 3,854 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 486 million related to acquisitions and legal restructuring made in 2020 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 on the liability side* on the liability side amount to EUR 25,155 million and EUR 20,370 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 185 million of which EUR 57 million relate to pension liabilities.

## Notes to the BNP Paribas Securities Services profit and loss account

In 2020, BNP Paribas Securities Services has seen an increase in its revenues explained by a very high level of transactions by clients associated with a strong commercial momentum. Consequently, assets under custody have increased by 4.2% compared with 2019 and assets under management have grown by 5.8%. Also, the level of transactions settled in 2020 has increased by 28.8% compared to 2019. On the other hand, interest rates have shown a negative trend over the whole year compared to 2019, especially after the interest rate cuts in the United States and the United Kingdom in March 2020. Despite this latter effect, Net banking income has shown a 1.9% 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 6.1% increase versus 2019, 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.

*Depreciation, amortisation and provisions on tangible and intangible assets and goodwill* include mainly IT software depreciation and amortisation 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.

*Gain on disposal of long-term investments and changes in provisions* amounts to EUR 350 million, mainly explained by the impact of a strategic transaction with Allfunds (one of the world's largest fund distribution platforms and wealthtech industry leaders), completed in October 2020, which generated a positive net capital gain of 373 million.

*Income tax* amounts to EUR 93.6 million. Consequently, net income shows a 184% increase compared to 2019.

# BNP PARIBAS SECURITIES SERVICES ORGANISATION AT 31 DECEMBER 2020



**BNP PARIBAS  
SECURITIES SERVICES**

## BUSINESS CARRIED OUT VIA BRANCHES

	Australia
	Austria <sup>(1)</sup>
	Belgium
	Cyprus <sup>(2)</sup>
	Germany
	Greece
	Guernsey
	Hong Kong
	Hungary
	Ireland
	Italy
	Jersey
	Luxembourg
	Netherlands
	Poland
	Portugal
	Singapore
	Spain
	Sweden <sup>(3)</sup>
	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
	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 <sup>(4)</sup>
	AELX SAS

## BUSINESS CARRIED OUT VIA JOINT-VENTURES OR PARTNERSHIPS

	AssetMetrix GmbH
	Allfunds Bank S.A.U.

### 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

## **BUSINESS CARRIED OUT VIA BNP PARIBAS BRANCHES**



India



United Kingdom



United States

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