



**BNP PARIBAS FORTIS SA/NV**

**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS**

**First half 2023**



**BNP PARIBAS**  

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**FORTIS**

The bank  
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# INTRODUCTION

BNP Paribas Fortis is a limited liability company (naamloze vennootschap (NV)/société anonyme (SA)), incorporated and existing under Belgian law, having its registered office address at Warandenberg 3, 1000 Brussels and registered under number BE VAT 0403.199.702 (hereinafter referred to as the 'Bank' or as 'BNP Paribas Fortis').

The BNP Paribas Fortis report for the first half-year of 2023 includes the Interim Report of the Board of Directors, the Statement of the Board of Directors, the composition of the Board, the Consolidated Interim Financial Statements and the notes to the Consolidated Interim Financial Statements for the first half-year of 2023.

The BNP Paribas Fortis Consolidated Interim Financial Statements for the first half-year of 2023, including the 2022 comparative figures, have been prepared at 30 June 2023 in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. It includes condensed financial statements (balance sheet, profit and loss account, statement of net income and changes in fair value of assets and liabilities recognised directly in equity, statement of changes in shareholders' equity, minority interests and statement of cash flows) and selected explanatory notes. The BNP Paribas Fortis Consolidated Interim Financial Statements should be read in conjunction with the audited BNP Paribas Fortis Consolidated Financial Statements 2022, which are available on <http://www.bnpparibasfortis.com>.

As an issuer of listed debt instruments and in accordance with the EU Transparency Directive, BNP Paribas Fortis SA/NV is subject to obligations regarding periodic financial reporting, including half-yearly interim financial statements and an intermediate report by the Board of Directors.

*All amounts in the tables of the consolidated interim financial statements are denominated in millions of euros, unless stated otherwise. Because figures have been rounded off, small discrepancies with previously reported figures may appear. Certain reclassifications have been made with regard to the prior year's financial statements in order to make them comparable for the year under review.*

*BNP Paribas Fortis refers in the consolidated interim financial statements to the BNP Paribas Fortis SA/NV consolidated situation unless stated otherwise.*

*All information contained in the BNP Paribas Fortis interim financial statements for the first half-year of 2023 relates to the BNP Paribas Fortis statutory consolidated financial statements and does not cover the contribution of BNP Paribas Fortis to the BNP Paribas Group consolidated results, which can be found on the BNP Paribas website: [www.bnpparibas.com](http://www.bnpparibas.com).*

*The BNP Paribas Fortis interim financial statements for the first half-year of 2023 are available on the website: [www.bnpparibasfortis.com](http://www.bnpparibasfortis.com).*

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# REPORT OF THE BOARD OF DIRECTORS

This section provides a summary of the evolutions in the first half of 2023 and elaborates on the following key developments:

1. Economic context;
2. Results of the first half of 2023 and the balance sheet as at 30 June 2023;
3. Status of liquidity and solvency;
4. Principal risks and uncertainties.

## Economic context in the first half 2023

In the first half of the year, the European economy remained resilient against a difficult global backdrop. Energy prices fell, supply-chain problems eased and the jobs market was strong, leading to moderate growth in the first six months of 2023 and easing fears of a recession. The European economy managed to limit the damage arising from Russia's war against Ukraine, and coped with the energy crisis by quickly diversifying its energy sources and substantially reducing gas consumption. The sharp fall in energy prices since autumn 2022 is gradually filtering through to the economy, reducing companies' production costs. Consumers are also enjoying lower energy bills, which explains why consumer spending remains a growth driver. Businesses, however, are concerned about a deterioration in the economic environment and remaining cautious regarding investment. In Belgium, wages and social benefits are automatically linked to prices, and so consumer spending has remained firm. This is slightly less the case in neighbouring countries, where wages have not kept up with surging prices, reducing households' real incomes. Belgium posted GDP growth of 1.3% in the first three months of the year (vs. the first quarter of 2022) and 0.9% in the second quarter (vs. the second quarter of 2022).

After peaking in 2022, inflation is falling almost everywhere, with prices of energy and other commodities falling sharply. However, it remains much higher than before, justifying drastically tougher financing terms that may remain in place for some time. Rate hikes by the ECB and other central banks are likely to end, but recent turbulence in the US financial sector will probably increase the pressure on borrowing costs and access to credit, leading to slower growth in investment, and particularly investment in housing.

In Europe, core inflation (excluding energy and unprocessed food products) is proving more persistent, particularly in Belgium. In June, it was still over 7%, making it hard to foresee the end of ECB rate hikes. Nevertheless, core inflation should fall gradually in the second half of the year as profit margins absorb increased pressure on wages, and as the tougher financing terms in place for the last year end up slowing growth in demand and therefore economic output. The chill affecting most countries' residential and commercial real-estate markets is likely to intensify the slowdown. The inflationary shock of 2022 is responsible for the sharp rise in long-term interest rates that is currently hurting real-estate markets in many countries: transaction volumes have collapsed relative to the frantic activity seen during the COVID and post-COVID periods, and prices are also falling in some markets. In Belgium, while prices are still rising – although more slowly than before – the number of transactions has plummeted.

Finally, the European banking sector has avoided the turbulence that hit its US counterpart in spring 2023, when the spectacular failure of some large regional banks caused concern around the world and forced the US government to intervene on a large scale to avoid a new Lehman Brothers situation. In Belgium, banks are continuing to fulfil their role in terms of financing the economy, and lending is still growing. The pace of that growth is slower than in 2021 or 2022, particularly because the economic outlook remains uncertain and more businesses are going bankrupt than before. However, lending to businesses and individuals is still rising at a rate of 5% per year, which should continue to ensure a certain level of economic growth and prevent Belgium from falling into recession.

## Comments on the evolution of the results

BNP Paribas Fortis realised a consolidated net income attributable to equity holders of EUR 1,530 million in the first half of 2023, compared to EUR 1,610 million in the first half of 2022, down by EUR (80) million or (5%).

Please note that the comments in the present section have been written by referring to the financial statements and the respective notes. For a business oriented analysis, please refer to the Press Release of BNP Paribas Fortis available on the corporate website. This analysis focuses on the underlying evolution, which excludes scope changes (acquisition, sale and transfer of activities), foreign exchange impacts and one-off results. By excluding these effects, BNP Paribas Fortis showed an increasing underlying net income attributable to equity holders by 15% compared to the same period of 2022.

Operating income amounted to EUR 2,332 million in the first half of 2023, up by EUR 339 million or 17% compared to EUR 1,993 million in the first half of 2022. The increase was the result of higher revenues by EUR 489 million or 10%, also higher costs by EUR (193) million or 7% and a decrease of the cost of risk by EUR 43 million or (33%).

Non-operating items (share of earnings of equity-method entities, net gain on non-current assets and goodwill) were down by EUR (320) million whereas the corporate income tax and minority interests increased by EUR (51) million and EUR 48 million respectively.

The comparison between the first half of 2023 and the first half of 2022 results was impacted by the following elements:

- the invasion of Ukraine (in 2022) and the higher inflation affecting the Belgian, European and world economy;
- few scope changes, including mainly (1) the entry into scope and full consolidation of (i) Creation Financial Services and Creation Consumer Finance, acquired by Alpha Credit, as from the second quarter 2023, (ii) Terberg, acquired by Arval, as from the first quarter 2023 and (iii) a Belgian branch newly created by BNP Paribas Asset Management as from Q1 2023, and (2) the change of consolidation from equity-method to full consolidation of Arval Relsa and its subsidiaries after the acquisition of the residual 50% of the shares of Arval Relsa;
- foreign exchange variations, mostly due to material continuous depreciation of the Turkish lira against euro (from 17.50 EUR/TRY in the first half of 2022 to 28.44 EUR/TRY in the first half of 2023);
- the restatement of the figures of the first half of 2022 (Profit and loss account) and at end of 2022 (Balance sheet) related to the application of the IFRS 17 (insurance contracts) and IFRS 9 (financial instruments) for insurance entities effective 1 January 2023.

Based on the segment information, 41% of the revenues were generated by banking activities in Belgium (mainly BNP Paribas Fortis, and other legal entities of Commercial & Personal Banking), 42% by the Specialised Businesses made of Arval, Leasing Solutions and Personal Finance (including Alpha Crédit in Belgium and now, since 31 March 2023, Creation Financial Services and Creation Consumer Finance in the United Kingdom), 8% by banking activities in Luxembourg (mainly BGL BNP Paribas, excluding legal entities of Specialised Businesses) and 9% by banking activities in Turkey (mainly Turk Ekonomi Bankasi ("TEB"), excluding legal entities of Specialised Businesses).

Based on the segment information,

**Net interest income** reached EUR 2,220 million in the first half of 2023, a decrease of EUR (204) million or (8%) compared to the first half of 2022. Excluding the scope changes (EUR 46 million) and the foreign exchange effect (EUR (120) million), the net interest income decreased by EUR (129) million.

In Belgium and in Luxembourg, the net interest income increased, supported mainly by the growth of customer loans and margins that held up well. In Turkey, the net interest income decreased driven mainly by the depreciation of the Turkish lira and due to lower margins, despite a higher customer loans' volume. In the Specialised Businesses, there was an overall decrease of the net interest income, mainly driven by the interest expenses of Arval (while most of its revenues are posted in the "net income from other activities"). The net interest income also decreased at Leasing Solutions, and at Personal Finance at constant scope, due to lower margins and despite increased volumes.

**Net commission income** amounted to EUR 731 million in the first half of 2023, down by EUR (12) million or (2%) compared to the first half of 2022. Excluding the scope changes (EUR 1 million) and the foreign exchange effect (EUR (21) million), net commission income increased by EUR 8 million.

In Belgium, the net commissions slightly decreased. The increase in financial fees was offset by the decrease in banking fees (high base effect in the first half of 2022). In the other segments, the net commissions also decreased mainly in Turkey, and in Luxembourg. The net commissions increased in Turkey, when excluding the foreign exchange effect of the Turkish lira, and in the Specialised Businesses.

**Net results on financial instruments at fair value through profit or loss** stood at EUR 335 million, up by EUR 120 million compared to the first half of 2022. Excluding the scope changes (EUR (1) million) and the foreign exchange effect (EUR (25) million), net results on financial instruments at fair value through profit or loss increased by EUR 147 million.

The increase was mainly driven by Turkey, with TEB servicing clients in a context of high volatility in currency exchange rates and interest rates. In 2023, the volatility was exacerbated by the upcoming mid-year presidential elections.

**Net results on financial instruments at fair value through equity** amounted to EUR 15 million in the first half of 2023, decreasing by EUR (15) million compared to the same period in 2022. The decrease was driven by Belgium mainly due to more capital gains realised last year, mainly on the disposal of fixed-income securities. This was mitigated by some more capital gains in Luxembourg and Turkey.

**Net income from insurance activities** totalled EUR 33 million in the first half of 2023 compared to EUR 23 million in the first half of 2022.

**Net income from other activities** totalled EUR 1,879 million in the first half of 2023, increasing by EUR 535 million or 40% compared to the first half of 2022.

The main contributor remained Arval that achieved a very good performance, thanks to a further robust expansion of the financed fleet (+9.5% or +6.7% at constant scope) and the still high used car prices.

**Operating expenses** amounted to EUR (2,668) million in the first half of 2023 i.e. an increase of EUR (206) million or 8% compared to the same period in 2022. Excluding the scope changes (EUR (47) million) and the foreign exchange effect (EUR 70 million), there was an increase of EUR (229) million.

In Belgium, Luxembourg and Turkey, there were more staff expenses, with an increase mainly attributable to the impact of inflation, especially in Turkey still in hyperinflation, partially offset by a limited decrease of the FTEs. The increase in other operating expenses was contained in Belgium and Luxembourg, and partly offset by the decrease of the banking taxes and a decrease in Turkey due to the foreign exchange effect of the Turkish lira. In the Specialised Businesses, there was an overall increase mainly to support the good business development with a more pronounced impact of inflation in some countries. The increase was driven mainly by Arval at the back of the robust expansion of the financed fleet.

**Depreciation charges** stood at EUR (180) million in the first half of 2023, versus EUR (193) million compared to previous year, i.e. a decrease of EUR 13 million. The decrease was mainly in Belgium and at Arval.

**Cost of risk** totalled EUR (88) million in the first half of 2023, i.e. a decrease of EUR 43 million compared to the first half of 2022. Excluding the scope changes (EUR (9) million) and the foreign exchange effect (EUR 9 million), there was a decrease of EUR 43 million.

In Belgium, the cost of risk decreased, with an overall net release in 2023, mainly thanks to lower stage 1 and 2 provisions that more than compensated the evolution of specific files in stage 3, with a net release in 2023 that was lower than the net release in 2022. In other segments, the cost of risk was stable, with lower stage 1 and 2 provisions offsetting the higher stage 3 provisions. The cost of risk increased in Luxembourg and in the Specialised Businesses, which was offset by a decrease in Turkey compared to a high provision base in the first half of 2022 and due to the foreign exchange impact of the Turkish lira.

**Share of earnings of equity-method entities** amounted to EUR 180 million in the first half of 2023, compared to EUR 158 million during the same period in 2022.

The main participations are in AG Insurance, BNP Paribas Bank Polska and BNP Paribas Asset Management. The increase was mainly attributable to higher results at AG Insurance and BNP Paribas Bank Polska.

**Net gain or loss on non-current assets and Goodwill** amounted to EUR (60) million in the first half of 2023 versus EUR 282 million during the same period in 2022.

The decrease mainly reflects the EUR 245 million positive impact of a badwill recognized on bpost bank as a result of the change of consolidation booked last year. The remaining decrease was mainly driven by Turkey and Specialised Businesses and explained by the application of IAS 29. According to IAS 29 in connection with the hyperinflation situation of the economy in Turkey, the line Results from monetary positions reported in Net gain or loss on non-current assets mainly includes the effect of the evolution of the consumer price index in Turkey on the valuation of non-monetary assets and liabilities and accrued income from the Turkish government bonds portfolio indexed on inflation and held by TEB.

**Corporate income tax** in the first half of 2023 totalled EUR (663) million compared to EUR (612) million, an increase of EUR (51) million. Excluding the share of earnings of equity-method entities (reported net of income taxes) and the badwill on bpost bank in 2022, the effective tax rate stood at 29% in the first half of 2023 compared to 30% in the first half of 2022.

**Net income attributable to minority interests** amounted to EUR 259 million in the first half of 2023, compared to EUR 211 million in the first half of 2022.

## Comments on the evolution of the balance sheet

The total balance sheet of BNP Paribas Fortis amounted to EUR 381.4 billion as at 30 June 2023, up by EUR 31.2 billion or 9% compared with EUR 350.3 billion at 31 December 2022.

Based on the segment information, 66% of the assets were contributed by banking activities in Belgium, 21% by the Specialised Businesses, 9% by banking activities in Luxembourg, and 3% by banking activities in Turkey.

### Assets

**Cash and amounts due from central banks** amounted to EUR 51.4 billion, increased by EUR 12.4 billion compared to 31 December 2022, with an increase driven by Belgium and mainly due to overnight deposits at the National Bank of Belgium.

**Financial instruments at fair value through profit or loss** stood at EUR 11.0 billion, down by EUR (1.3) billion compared to 31 December 2022. The decrease was mainly in Belgium and is driven by a decrease of 'derivative financial instruments' mainly related to the increase of the interest rate curve which impacted in a symmetrical way both the fair value of 'derivative financial instruments' on the asset and liability side.

**Derivatives used for hedging purposes** increased by EUR 0.1 billion and amounted to EUR 6.6 billion. The derivatives used for hedging purposes on the liability side decreased by EUR (0.7) billion and amounted EUR 9.0 billion.

**Financial assets at fair value through equity** increased by EUR 3.5 billion to EUR 9.4 billion following the investments in government bonds, mainly in Belgium, and in Luxembourg.

**Financial assets at amortised cost** amounted to EUR 254.4 billion as at 30 June 2023, up by EUR 13.2 billion compared with EUR 241.2 billion as at 31 December 2022.

'Loans and advances to customers' amounted to EUR 220.4 billion, up by EUR 3.7 billion. In Belgium, the increase was mainly related to term, factoring and mortgage loans. Loans and advance to customer also increased in all other segments, except in Luxembourg, mainly driven by the robust growth in the Specialised Businesses, especially at Arval and also at Leasing Solutions and Personal Finance Alpha Credit, and the full consolidation of Creation Financial Services and Creation Consumer Finance.

In addition, 'Loans and advances to credit institutions' increased by EUR 11.9 billion due to an increase in Belgium of the reverse repos.

Debt securities at amortised cost decreased by EUR (2.3) billion especially in Belgium and Turkey related to reimbursements, and the foreign exchange impact of the Turkish lira.

**Remeasurement adjustment on interest-rate risk hedged portfolios** amounted to EUR (1.6) billion compared to EUR (0.9) billion at 31 December 2022. This evolution is in Belgium and Luxembourg in relation with the higher interest rates in 2023.

**Financial investments of insurance activities** amounted to EUR 0.3 billion the same amount as at 31 December 2022.

**Current and deferred tax assets** amounted to EUR 1.0 billion, down by EUR (0.2) billion compared to EUR 1.2 billion at 31 December 2022.

**Accrued income and other assets** stood at EUR 12.2 billion as at 30 June 2023, up by EUR 0.7 billion compared to EUR 11.4 billion at 31 December 2022. The increase was mainly at Arval, and in Belgium.

**Equity-method investments** amounted to EUR 2.7 billion, up by EUR 0.2 billion compared to EUR 2.5 billion at 31 December 2022.

**Property, plant and equipment and Investment property** amounted to EUR 32.7 billion as at 30 June 2023, up by EUR 3.1 billion compared to EUR 29.6 billion at 31 December 2022 mainly related to the growth of the financed fleet at Arval.

### Liabilities and Equity

**Deposits from central banks** stood at EUR 2.7 billion, up by EUR 0.3 billion compared to EUR 2.4 billion at 31 December 2022, with the increase located in Belgium.

**Financial instruments at fair value through profit or loss** decreased by EUR (1.8) billion, totalling EUR 16.7 billion as at 30 June 2023 compared to EUR 18.5 billion at 31 December 2022. The decrease is mainly explained by the 'interest rates and foreign exchange trading derivatives' in Belgium.

**Financial liabilities at amortised cost** amounted to EUR 311.1 billion as at 30 June 2023, up by EUR 33.6 billion compared with EUR 277.5 billion at 31 December 2022.

'Deposits from customers' stood at EUR 212.6 billion, down by EUR (0.1) billion. There was an increase in Belgium (up by EUR 1.6 billion), mostly attributable to an increase on the term deposits more than compensating the decrease on current accounts. This increase was offset by a decrease in Turkey due to the foreign exchange impact of the Turkish lira.

'Deposits from credit institutions' increased by EUR 30.9 billion mainly driven by an increase in Belgium, in repos (up by EUR 37.1 billion) offset by the decrease of interbank borrowings (down by EUR (9.8) billion), including the partial reimbursement of the TLTRO. The remaining increase was mainly explained by the full consolidation of Creation Financial Services and Creation Consumer Finance.

'Debt securities' increased by EUR 2.9 billion, due to issuance of debt securities at Arval and in Belgium.

'Subordinated debt' stood at EUR 2.3 billion as at 30 June 2023, the same amount as at 31 December 2022.

**Remeasurement adjustment on interest-rate risk hedged portfolios** amounted to EUR (4.8) billion compared to EUR (5.2) billion at 31 December 2022. This evolution was mainly in Belgium, and in Luxembourg, due to the higher interest rates in 2023.

**Current and deferred tax liabilities** amounted to EUR 1.2 billion as at 30 June 2023, up by EUR 0.1 billion compared to EUR 1.1 billion at 31 December 2022.

**Accrued expenses and other liabilities** stood at EUR 12.0 billion as at 30 June 2023, up by EUR 0.6 billion compared to EUR 11.4 billion at 31 December 2022. This increase was mainly in Belgium.

**Technical reserves and other insurance liabilities** amounted to EUR 0.2 billion as at 30 June 2023, the same amount as at 31 December 2022.

**Provisions for contingencies and charges** came in at EUR 3.6 billion, decreased by EUR (0.1) billion compared with the EUR 3.8 billion at 31 December 2022. The decrease was mainly in Belgium.

**Shareholders' equity** amounted to EUR 24.0 billion as at 30 June 2023, down by EUR (1.3) billion compared with EUR 25.3 billion at 31 December 2022. Retained earnings were impacted by the net income attributable to shareholders for the year 2023 which contributed for EUR 1.5 billion and by the dividend distributed by BNP Paribas Fortis in this first half of the year of 2023 amounting to EUR (3.0) billion.

**Minority interests** stood at EUR 5.6 billion as at 30 June 2023, compared to the situation end 2022 at EUR 5.7 billion. The decrease was mainly in Turkey due to the foreign exchange impact of the Turkish lira

## Liquidity and solvency

BNP Paribas Fortis' liquidity remained sound, with customer deposits standing at EUR 213 billion and customer loans at EUR 220 billion.

Customer deposits consist of the 'due to customers' figure excluding 'repurchase agreements'. Customer loans are loans and receivables due from customers excluding 'debt securities at amortised cost' and 'reverse repurchase agreements'.

BNP Paribas Fortis' solvency stood well above the minimum regulatory requirements. At 30 June 2023, BNP Paribas Fortis' Basel III Common Equity Tier 1 ratio (CET1 ratio) stood at 16.5%. Total risk-weighted assets amounted to EUR 126.9 billion at 30 June 2023, of which EUR 101.4 billion are related to credit risk, EUR 1.4 billion to market risk and EUR 8.4 billion to operational risk, while counterparty risk, securitisation and equity risk worked out at EUR 1.4 billion, EUR 0.9 billion and EUR 13.4 billion respectively.

## Principal risks and uncertainties

BNP Paribas Fortis' activities are exposed to a number of risks, such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the Bank adheres to a number of internal control procedures and refers to a whole array of risk indicators, which are further described in the Chapter 'Risk management and capital adequacy' of the BNP Paribas Fortis consolidated financial statements 2022 and in the BNP Paribas Fortis Pillar 3 disclosure 2022.

BNP Paribas Fortis is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business, as further described in note 7.a 'Contingent liabilities: legal proceedings and arbitration' to the BNP Paribas Fortis interim financial statements for the first half-year of 2023.

Events after the reporting period is described in note 7.e 'Events after the reporting period' to the BNP Paribas Fortis consolidated interim financial statements for the first half-year of 2023.

# STATEMENT OF THE BOARD OF DIRECTORS

In accordance with article 13 of the Royal Decree of 14 November 2007, we confirm that, to the best of our knowledge, as at 30 June 2023:

- a) the condensed set of financial statements, prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position of BNP Paribas Fortis and the undertakings included in the consolidation as of 30 June 2023 and of the result and cash-flows of the period then ended.
- b) the interim management report includes a fair review of the development, results and position of BNP Paribas Fortis and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties with which they are confronted.
- c) The Board of Directors reviewed the BNP Paribas Fortis consolidated interim financial statements on 31 August 2023 and authorised their issue.

Brussels, 31 August 2023

The Board of Directors of BNP Paribas Fortis

# COMPOSITION OF THE BOARD OF DIRECTORS

As at 22 June 2023, the composition of the Board of Directors is as follows:

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## **JADOT Maxime**

Chairman of the Board of Directors. Non-executive director.

Member of the Board of Directors since 13 January 2011.

The current board member mandate has been renewed on 20 April 2023.

It will expire at the end of the 2027 annual general meeting of shareholders.

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## **ANSEEUW Michael**

Executive director. Chairman of the Executive Board.

Member of the Board of Directors since 19 April 2018.

The current board member mandate has been renewed on 21 April 2022.

It will expire at the end of the 2026 annual general meeting of shareholders.

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## **BORDENAVE Philippe**

Non-executive director.

Member of the Board of Directors since 20 April 2023.

The board member mandate will expire at the end of the 2027 annual general meeting of shareholders.

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## **d'ASPREMONT LYNDEN Antoinette**

Independent non-executive director.

Member of the Board of Directors since 19 April 2012.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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## **AUBERNON Dominique**

Non-executive director.

Member of the Board of Directors since 21 April 2016.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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## **BEAUVOIS Didier**

Executive director.

Member of the Board of Directors since 12 June 2014.

The current board member mandate has been renewed on 20 April 2023.

It will expire at the end of the 2027 annual general meeting of shareholders.

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## **BOOGMANS Dirk**

Non-executive director.

Member of the Board of Directors since 1 October 2009.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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## **de CLERCK Daniel**

Executive director.

Member of the Board of Directors since 12 December 2019.

The current board member mandate has been renewed on 20 April 2023.

It will expire at the end of the 2027 annual general meeting of shareholders.

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**DE PLOEY Wouter**

Independent non-executive director.

Member of the Board of Directors since 1 December 2022.

The current board member mandate has been confirmed and renewed on 20 April 2023.

It will expire at the end of the 2026 annual general meeting of shareholders.

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**HARTMANN Nathalie**

Non-executive director.

Member of the Board of Directors since 20 April 2023.

The board member mandate will expire at the end of the 2027 annual general meeting of shareholders.

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**LECLERCQ Anne**

Independent non-executive director.

Member of the Board of Directors since 21 April 2022.

The board member mandate will expire at the end of the 2026 annual general meeting of shareholders.

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**MERLO Sofia**

Non-executive director.

Member of the Board of Directors since 21 April 2016.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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**VAN AKEN Piet**

Executive director.

Member of the Board of Directors since 3 June 2016.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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**VAN WAEYENBERGE Titia**

Independent non-executive director.

Member of the Board of Directors since 18 April 2019.

The current board member mandate has been renewed on 20 April 2023.

It will expire at the end of the 2027 annual general meeting of shareholders.

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**VARÈNE Thierry**

Non-executive director.

Member of the Board of Directors since 14 May 2009.

The current board member mandate has been renewed on 23 April 2020.

It will expire at the end of the 2024 annual general meeting of shareholders.

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**VERMEIRE Stéphane**

Executive director.

Member of the Board of Directors since 19 April 2018.

The current board member mandate has been renewed on 21 April 2022.

It will expire at the end of the 2026 annual general meeting of shareholders.

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**WILIKENS Sandra**

Executive director.

Member of the Board of Directors since 21 April 2022.

The board member mandate will expire at the end of the 2026 annual general meeting of shareholders.

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The BNP Paribas Fortis Board of Directors, which is responsible for setting general policy and supervising the activities of the Executive Board, is currently composed of seventeen (17) directors, of whom eleven (11) are non-executive directors, (four (4) of them are appointed as independent directors in compliance with the criteria laid down in the Banking Law) and six (6) of them are executive directors.

**Accredited Statutory Auditor:**

Deloitte Bedrijfsrevisoren BV / Deloitte Réviseurs d'Entreprises SRL, represented in 2023 by Mr. Yves DEHOGNE.

# **BNP PARIBAS FORTIS CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2023**

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

## Profit and loss account for the first half of 2023

<i>In millions of euros</i>	Note	First half 2023	First half 2022 restated according to IFRS 17 and 9
Interest income	3.a	6,569	3,857
Interest expense	3.a	(4,349)	(1,433)
Commission income	3.b	1,194	1,153
Commission expense	3.b	(463)	(410)
Net gain or loss on financial instruments at fair value through profit or loss	3.c	335	215
Net gain or loss on financial instruments at fair value through equity	3.d	15	30
Net gain or loss on the derecognition of financial assets at amortised cost		55	-
Net income from insurance activities		33	23
Income from other activities	3.e	7,938	6,875
Expense on other activities	3.e	(6,059)	(5,531)
<b>REVENUES</b>		<b>5,268</b>	<b>4,779</b>
Operating expenses	3.f	(2,668)	(2,462)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(180)	(193)
<b>GROSS OPERATING INCOME</b>		<b>2,420</b>	<b>2,124</b>
Cost of risk	3.g	(88)	(131)
<b>OPERATING INCOME</b>		<b>2,332</b>	<b>1,993</b>
Share of earnings of equity-method entities		180	158
Net gain on non-current assets	3.h	(60)	37
Goodwill	5.j	-	245
<b>PRE-TAX INCOME</b>		<b>2,452</b>	<b>2,433</b>
Corporate income tax	3.i	(663)	(612)
<b>NET INCOME</b>		<b>1,789</b>	<b>1,821</b>
<i>of which net income attributable to minority interests</i>		259	211
<b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>1,530</b>	<b>1,610</b>

## Statement of net income and change in assets and liabilities recognised directly in equity

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
<b>Net income for the period</b>	<b>1,789</b>	<b>1,821</b>
<b>Changes in assets and liabilities recognised directly in equity</b>	<b>150</b>	<b>267</b>
<b>Items that are or may be reclassified to profit or loss</b>	<b>(4)</b>	<b>115</b>
Changes in exchange rate items	(162)	336
Changes in fair value of financial assets at fair value through equity		
<i>Changes in fair value recognised in equity</i>	8	(55)
<i>Changes in fair value reported in net income</i>	(7)	(26)
Changes in fair value of investments of insurance activities	1	(11)
Changes in fair value of hedging instruments		
<i>Changes in fair value recognised in equity</i>	8	(83)
<i>Changes in fair value reported in net income</i>	(1)	(1)
Income tax	-	43
Changes in equity-method investments	149	(88)
<b>Items that will not be reclassified to profit or loss</b>	<b>154</b>	<b>152</b>
Changes in fair value of financial assets at fair value through equity	(6)	46
Debt remeasurement effect arising from BNP Paribas Fortis issuer risk	(3)	23
Remeasurement gains (losses) related to post-employment benefit plans	77	161
Income tax	(19)	(39)
Changes in equity-method investments	105	(39)
<b>Total</b>	<b>1,939</b>	<b>2,088</b>
Attributable to equity shareholders	1,741	1,745
Attributable to minority interests	198	343

## Balance sheet at 30 June 2023

<i>In millions of euros</i>	Note	30 June 2023	31 December 2022 restated according to IFRS 17 and 9	1 January 2022 IAS 29, IFRS 17 and 9
<b>Assets</b>				
Cash and balances at central banks		51,381	39,009	61,263
Financial instruments at fair value through profit or loss		11,017	12,315	13,634
<i>Securities</i>	5.a	1,443	1,376	1,317
<i>Loans and repurchase agreements</i>	5.a	2,745	2,558	4,282
<i>Derivative financial instruments</i>	5.a	6,829	8,381	8,035
Derivatives used for hedging purposes		6,582	6,499	1,982
Financial assets at fair value through equity		9,362	5,877	7,861
<i>Debt securities</i>	5.b	9,234	5,739	7,547
<i>Equity securities</i>	5.b	128	138	314
Financial assets at amortised cost		254,401	241,156	213,208
<i>Loans and advances to credit institutions</i>	5.d	23,128	11,220	7,394
<i>Loans and advances to customers</i>	5.d	220,449	216,785	194,102
<i>Debt securities</i>	5.d	10,824	13,151	11,712
Remeasurement adjustment on interest-rate risk hedged portfolios		(1,615)	(907)	1,812
Investments and other assets related to insurance activities		301	286	272
Current and deferred tax assets	5.h	1,044	1,240	1,341
Accrued income and other assets	5.i	12,154	11,413	9,146
Equity-method investments		2,710	2,480	2,828
Property, plant and equipment and Investment property		32,680	29,581	26,144
Intangible assets		520	468	390
Goodwill	5.j	879	848	767
<b>Total assets</b>		<b>381,416</b>	<b>350,265</b>	<b>340,648</b>
<b>Liabilities</b>				
Deposits from central banks		2,709	2,363	426
Financial instruments at fair value through profit or loss		16,713	18,520	22,378
<i>Securities</i>	5.a	738	603	159
<i>Deposits and repurchase agreements</i>	5.a	6,825	7,562	13,060
<i>Issued debt securities</i>	5.a	2,696	2,388	3,034
<i>Derivative financial instruments</i>	5.a	6,454	7,967	6,125
Derivatives used for hedging purposes		9,003	9,692	3,215
Financial liabilities at amortised cost		311,138	277,522	270,821
<i>Deposits from credit institutions</i>	5.f	77,163	46,295	56,610
<i>Deposits from customers</i>	5.f	212,561	212,692	199,037
<i>Debt securities</i>	5.g	19,130	16,252	12,878
<i>Subordinated debt</i>	5.g	2,284	2,283	2,296
Remeasurement adjustment on interest-rate risk hedged portfolios		(4,784)	(5,216)	472
Current and deferred tax liabilities	5.h	1,189	1,083	768
Accrued expenses and other liabilities	5.i	11,977	11,373	7,990
Technical reserves and other insurance liabilities		217	178	154
Provisions for contingencies and charges	5.k	3,634	3,782	4,209
<b>Total liabilities</b>		<b>351,796</b>	<b>319,297</b>	<b>310,433</b>
<b>Equity</b>				
<i>Share capital, additional paid-in capital and retained earnings</i>		25,034	24,903	24,732
<i>Net income for the period attributable to shareholders</i>		1,530	3,136	2,593
Total capital, retained earnings and net income for the period attributable to shareholders		26,564	28,039	27,325
Changes in assets and liabilities recognised directly in equity		(2,526)	(2,743)	(2,414)
<b>Shareholders' equity</b>		<b>24,038</b>	<b>25,296</b>	<b>24,911</b>
<b>Minority interests</b>	7.c	<b>5,582</b>	<b>5,672</b>	<b>5,304</b>
<b>Total equity</b>		<b>29,620</b>	<b>30,968</b>	<b>30,215</b>
<b>Total liabilities &amp; equity</b>		<b>381,416</b>	<b>350,265</b>	<b>340,648</b>

## Cash flow statement for the first half of 30 June 2023

<i>In millions of euros</i>	Note	First half 2023	First half 2022 restated according to IFRS 17 and 9
<b>Pre-tax income</b>		2,452	2,433
<b>Non-monetary items included in pre-tax net income and other adjustments</b>		4,884	4,921
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		2,009	2,157
Impairment of goodwill and other non-current assets		(17)	43
Net addition to provisions		68	(67)
Variation of assets/liabilities related to insurance contracts		18	14
Share of earnings of equity-method entities		(180)	(158)
Net income from investing activities		(15)	(18)
Net expense from financing activities		1	2
Other movements		3,000	2,948
<b>Net increase (decrease) in cash related to assets and liabilities generated by operating activities</b>		<b>3,820</b>	<b>(5,817)</b>
Net increase in cash related to transactions with customers and credit institutions		13,452	821
Net decrease in cash related to transactions involving other financial assets and liabilities		(2,586)	(1,698)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(6,707)	(4,611)
Taxes paid		(339)	(329)
<b>Net increase in cash and equivalents generated by operating activities</b>		<b>11,156</b>	<b>1,537</b>
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities		(33)	1,713
Net decrease related to property, plant and equipment and intangible assets		(130)	(103)
<b>Net increase (decrease) in cash and equivalents related to investing activities</b>		<b>(163)</b>	<b>1,610</b>
Net decrease in cash and equivalents related to transactions with shareholders		(3,228)	(2,747)
Net increase in cash and equivalents generated by other financing activities		3,071	649
<b>Net decrease in cash and equivalents related to financing activities*</b>		<b>(157)</b>	<b>(2,098)</b>
<b>Effect of movement in exchange rates on cash and equivalents</b>		<b>(758)</b>	<b>(354)</b>
<b>Net increase in cash and equivalents</b>		<b>10,078</b>	<b>695</b>
<b>Balance of cash and equivalent accounts at the start of the period</b>		<b>40,836</b>	<b>62,823</b>
Cash and amounts due from central banks		39,023	61,275
Due to central banks		(2,363)	(426)
On-demand deposits with credit institutions	5.d	5,883	3,447
On-demand loans from credit institutions	5.f	(1,702)	(1,478)
Deduction of receivables and accrued interest on cash and equivalents		(5)	5
<b>Balance of cash and equivalent accounts at the end of the period</b>		<b>50,914</b>	<b>63,518</b>
Cash and amounts due from central banks		51,393	61,765
Due to central banks		(2,709)	(2,363)
On-demand deposits with credit institutions	5.d	4,145	6,024
On-demand loans from credit institutions	5.f	(1,906)	(1,917)
Deduction of receivables and accrued interest on cash and equivalents		(9)	9
<b>Net increase in cash and equivalents</b>		<b>10,078</b>	<b>695</b>
<b>Additional information:</b>			
Interest paid		(3,569)	(1,543)
Interest received		6,633	3,726
Dividend paid/received		(3,033)	(2,396)

\* Changes in liabilities arising from financing activities other than those arising from cash flows amount to EUR 140 million, due to foreign exchange and revaluation effect, for respectively EUR 98 million and EUR (17) million.

# Statement of changes in shareholders' equity between 1 January 2022 and 30 June 2023

	Capital and retained earnings				Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss					Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss					Total Shareholders' equity	Minority interests	Total consolidated equity
	Share capital	Subordinated equity instruments	Non distributed reserves	Total capital and retained earnings	Financial instruments designated as at fair value through equity	Own-credit valuation adjustment of debt securities designated as at fair value through profit or loss	Remeasurement gains (losses) related to post-employment benefits plans	Total	Exchange rate	Financial instruments at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Total				
<i>In million of euros</i>																	
<b>Capital and retained earnings at 31 December 2021</b>	11,905	500	14,923	27,328	196	(19)	(255)	(78)	(2,082)	10	762	(48)	(1,358)	25,892	5,305	31,197	
<b>Impacts of IAS 29 1<sup>st</sup> application in Türkiye</b>	-	-	(28)	(28)	-	-	-	-	123	-	-	-	123	95	75	170	
<b>Impacts of the transition to IFRS 17 (note 2)</b>	-	-	(90)	(90)	-	-	-	-	-	-	(1,449)	-	(1,449)	(1,539)	1	(1,538)	
<b>Impacts of the transition to IFRS 9 (note 2)</b>	-	-	87	87	170	-	-	170	-	-	301	-	301	558	(2)	556	
<b>Capital and retained earnings at 1 January 2022</b>	11,905	500	14,892	27,297	366	(19)	(255)	92	(1,959)	10	(386)	(48)	(2,383)	25,006	5,379	30,385	
Other movements	-	-	(10)	(10)	-	-	-	-	-	-	-	-	-	(10)	(60)	(70)	
Dividends	-	-	(2,589)	(2,589)	-	-	-	-	-	-	-	-	-	(2,589)	(150)	(2,739)	
Realised gains or losses reclassified to retained earnings	-	-	226	226	(226)	-	-	(226)	-	-	-	-	-	-	-	-	
Changes in assets and liabilities recognised directly in equity	-	-	-	-	(58)	16	184	142	165	(93)	(132)	53	(7)	135	132	267	
<b>Net income for the first half of 2022 restated according to IFRS 17 and 9</b>	-	-	1,610	1,610	-	-	-	-	-	-	-	-	-	1,610	211	1,821	
<b>Capital and retained earnings at 30 June 2022 restated according to IFRS 17 and 9</b>	11,905	500	14,129	26,534	82	(3)	(71)	8	(1,794)	(83)	(518)	5	(2,390)	24,152	5,512	29,664	
Other movements	-	-	(12)	(12)	-	-	-	-	-	-	-	-	-	(12)	(88)	(100)	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Realised gains or losses reclassified to retained earnings	-	-	(9)	(9)	9	-	-	9	-	-	-	-	-	-	-	-	
Changes in assets and liabilities recognised directly in equity	-	-	-	-	(39)	6	(293)	(326)	(15)	(17)	(33)	21	(44)	(370)	(3)	(373)	
<b>Net income for the second half of 2022 restated according to IFRS 17 and 9</b>	-	-	1,526	1,526	-	-	-	-	-	-	-	-	-	1,526	251	1,777	
<b>Capital and retained earnings at 31 December 2022 restated according to IFRS 17 and 9</b>	11,905	500	15,634	28,039	52	3	(364)	(309)	(1,809)	(100)	(551)	26	(2,434)	25,296	5,672	30,968	
Other movements	-	-	(16)	(16)	-	-	-	-	-	-	-	-	-	(16)	(72)	(88)	
Acquisitions	-	-	13	13	-	-	-	-	-	-	-	-	-	13	12	25	
Dividends	-	-	(2,996)	(2,996)	-	-	-	-	-	-	-	-	-	(2,996)	(228)	(3,224)	
Realised gains or losses reclassified to retained earnings	-	-	(6)	(6)	6	-	-	6	-	-	-	-	-	-	-	-	
Changes in assets and liabilities recognised directly in equity	-	-	-	-	103	(2)	55	156	4	22	27	2	55	211	(61)	150	
<b>Net income for the first half of 2023</b>	-	-	1,530	1,530	-	-	-	-	-	-	-	-	-	1,530	259	1,789	
<b>Capital and retained earnings at 30 June 2023</b>	11,905	500	14,159	26,564	161	1	(309)	(147)	(1,805)	(78)	(524)	28	(2,379)	24,038	5,582	29,620	

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 JUNE 2023

Prepared in accordance with International Financial Reporting Standards as  
adopted by the European Union

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS FORTIS

## 1.a Accounting standards

### 1.a.1 Applicable accounting standards

The consolidated financial statements of BNP Paribas Fortis have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union<sup>1</sup>. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded.

- IFRS 17 ‘Insurance Contracts’, issued in May 2017 and amended in June 2020, was adopted by the European Union in November 2021 and is mandatory for financial periods beginning on or after 1 January 2023. The insurance entities that are included in the consolidated financial statements of BNP Paribas Fortis have deferred the application of IFRS 9 “Financial Instruments” until the date of the entry into force of IFRS 17 “Insurance Contracts” and therefore they apply IFRS 17 and IFRS 9 as from 1 January 2023.
- Further to the Pillar II recommendations of the Organisation for Economic Cooperation and Development (OECD) in relation to the international tax reform, the European Union adopted on 14 December 2022 the 2022/2523 directive instituting a minimum corporate income tax for international groups, effective 1 January 2024.

To clarify the directive’s potential impacts, the IASB issued on 23 May 2023 a series of amendments to IAS 12 “Income Taxes”, which were not adopted by the European Union by the 30 June 2023 closing date. Pending this adoption, the BNP Paribas Fortis nonetheless chose not to book deferred taxes in connection with this additional taxation, as a mandatory and temporary exception is provided by amendments to IAS 12.

Based on the available information, the impact of the Pillar II reform will be non-material for BNP Paribas Fortis once adopted.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2023 had no effect on the financial statements as at 30 June 2023.

BNP Paribas Fortis did not early adopt any of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2023 was optional.

## 1.b Segment reporting

The Bank considers that within the legal and regulatory scope of BNP Paribas Fortis (‘controlled perimeter’), the nature and financial effects of the business activities in which it engages and the economic environments in which it operates are best reflected through the following segments:

- banking activities in Belgium;
- banking activities in Luxembourg;
- banking activities in Turkey;
- specialised businesses;
- other.

Operating segments are components of BNP Paribas Fortis:

- that engage in business activities from which it may earn revenues and incur expenses;

<sup>1</sup> The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en)

- whose operating results are regularly reviewed by the Board of Directors of BNP Paribas Fortis in order to make decisions about resources to be allocated to that segment and to assess its performance;
- for which discrete financial information is available.

The Board of Directors of BNP Paribas Fortis is deemed to be the chief operating decision maker (CODM) within the meaning of IFRS 8 'Operating Segments', jointly overseeing the activities, performance and resources of BNP Paribas Fortis.

BNP Paribas Fortis, like many other companies with diverse operations, organises and reports financial information to the CODM in more than one way.

BNP Paribas Fortis and the legal entities that are part of the BNP Paribas Fortis Group exercise management control over the full legal and regulatory scope, known as the 'controlled perimeter', including the establishment of appropriate governance structures and control procedures.

Within this organisational structure and in the context of the regulatory scope ('controlled perimeter') of BNP Paribas Fortis, the operating segments mentioned above are best aligned with the core principles and criteria for determining operating segments as defined in IFRS 8 'Operating Segments'.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions as would be the case with non-related third parties.

## 1.c Consolidation

### 1.c.1 Scope of consolidation

The consolidated financial statements of BNP Paribas Fortis include entities that are controlled by BNP Paribas Fortis, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to BNP Paribas Fortis. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which BNP Paribas Fortis obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

### 1.c.2 Consolidation methods

#### Exclusive control

Controlled enterprises are fully consolidated. BNP Paribas Fortis controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, BNP Paribas Fortis generally controls the entity if it holds, directly or indirectly, the majority of the voting rights (and if there are no contractual provisions that alter the power of these voting rights) or if the power to direct the relevant activities of the entity is conferred on it by contractual agreements.

Structured entities are entities established so that they are not governed by voting rights, for instance when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent BNP Paribas Fortis absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine BNP Paribas Fortis' practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, BNP Paribas Fortis considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control is reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where BNP Paribas Fortis contractually holds the decision-making power, for instance where BNP Paribas Fortis acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that BNP Paribas Fortis is acting on its own account and that it thus has control over those entities.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside BNP Paribas Fortis.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at fair value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by BNP Paribas Fortis is remeasured at its fair value through profit or loss.

## Joint control

Where BNP Paribas Fortis carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), BNP Paribas Fortis exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the BNP Paribas Fortis accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRS.

## Significant influence

Companies over which BNP Paribas Fortis exercises significant influence or associates are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without exercising control. Significant influence is presumed to exist when BNP Paribas Fortis holds, directly or indirectly, 20% or more of the voting rights of a company. Interests of less than 20% can be included in the consolidation scope if BNP Paribas Fortis effectively exercises significant influence. This is the case for example for entities developed in partnership with other associates, where BNP Paribas Fortis participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, or exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under 'Investments in equity-method entities' and in the relevant component of shareholders' equity. Goodwill recorded on associates is also included under 'equity-method investments'.

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under 'Share of earnings of equity-method entities' in the consolidated income statement and can be reversed at a later date.

If BNP Paribas Fortis' share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, BNP Paribas Fortis discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that BNP Paribas Fortis has contracted a legal or constructive obligation, or has made payments on behalf of this entity.

Where BNP Paribas Fortis holds an interest in an associate, directly or indirectly through an entity that is a venture capital organisation, a mutual fund, an open-ended investment company or similar entity such as an investment-related insurance fund, it may elect to measure that interest at fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under 'Net gain on non-current assets'.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events occurring in similar circumstances.

## 1.c.3 Consolidation rules

### Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of financial instruments at fair value through equity are maintained in the consolidated financial statements.

### Translation of accounts expressed in foreign currencies

The consolidated financial statements of BNP Paribas Fortis are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

Financial statements of BNP Paribas Fortis' subsidiaries located in hyperinflationary economies, previously adjusted for inflation by applying a general price index are translated using the closing rate. This rate applies to the translation of assets and liabilities as well as income and expenses.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under 'Exchange differences' and in 'Minority interests' for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, BNP Paribas Fortis has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the eurozone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative exchange difference at the date of liquidation or sale is recognised in the profit and loss account.

Should the percentage of interest change without leading to a modification in the nature of the investment, the exchange difference is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the entity is fully consolidated; if the entity is consolidated under the equity method, it is recorded in profit or loss for the portion related to the interest sold.

## 1.c.4 Business combination and measurement of goodwill

### Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

BNP Paribas Fortis may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date.

Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, BNP Paribas Fortis can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, BNP Paribas Fortis has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 has been applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (Belgian GAAP), had not been restated in accordance with the principles of IFRS 3.

## Measurement of goodwill

BNP Paribas Fortis tests goodwill for impairment on a regular basis.

### *Cash-generating units*

BNP Paribas Fortis has split all its activities into cash-generating units, representing major business lines. This split is consistent with the organisational structure and management methods of BNP Paribas Fortis, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

### *Testing cash-generating units for impairment*

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

### *Recoverable amount of a cash-generating unit*

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by the Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

## Transactions under common control

Transfers of assets or exchange of shares between entities under common control do not fall within the scope of IFRS 3 'Business Combinations' or other IFRS standards. Therefore, based on IAS 8, which requires management to use its judgement in developing and applying an accounting policy that provides relevant and reliable financial statement information, BNP Paribas Fortis has decided to adopt a predecessor basis of accounting. Under this method, BNP Paribas Fortis, as acquiring party, recognises those assets and liabilities at their carrying amount as determined and reported by the transferring entity in the consolidated financial statements of BNP Paribas Fortis at the date of the transfer. Consequently, no new goodwill (other than the existing goodwill relating to either of the combining entities) is recognised. Any difference between the consideration paid/transferred and the share in the net assets measured at the predecessor carrying amount is presented as an adjustment in equity. This predecessor basis of accounting for the business combinations under common control is applied prospectively from the date of the acquisition.

## 1.d Translation of foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by BNP Paribas Fortis, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

## Monetary assets and liabilities<sup>2</sup> expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant entity at the closing rate. Foreign exchange differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

## Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction (i.e. date of initial recognition of the non-monetary asset) if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Foreign exchange differences relating to non-monetary assets denominated in foreign currencies and recognised at fair value (equity instruments) are recognised in profit or loss when the asset is classified in 'Financial assets at fair value through profit or loss' and in equity when the asset is classified under 'Financial assets at fair value through equity'.

## 1.e Financial information in hyperinflationary economies

BNP Paribas Fortis applies IAS 29 to the presentation of the accounts of its consolidated subsidiaries located in countries whose economies are in hyperinflation.

IAS 29 presents a number of quantitative and qualitative criteria to assess whether an economy is hyperinflationary, including a cumulative, three-year inflation rate approaching or exceeding 100%.

All non-monetary assets and liabilities of subsidiaries in hyperinflationary countries, including equity and each line of the income statement has been restated on the basis of changes in the Consumer Price Index (CPI). This restatement between 1 January and the closing date resulted in the recognition of a gain or loss in its net monetary situation, recognised under "Net gain on non-current assets". Financial statements of these subsidiaries are translated into euros at the closing rate.

In accordance with the provisions of the IFRIC's decision of March 2020 on classifying the effects of indexation and translation of accounts of subsidiaries in hyperinflationary economies, BNP Paribas Fortis has opted to present these effects (including the net book value effect at the date of the initial application of IAS 29) within changes in assets and liabilities recognised directly through equity related to exchange differences.

Since 1 January 2022, BNP Paribas Fortis has applied IAS 29 to the presentation of the accounts of its consolidated subsidiaries located in Türkiye.

## 1.f Net interest income, commissions and income from other activities

### 1.f.1 Net interest income

Income and expenses relating to debt instruments measured at amortised cost and at fair value through shareholders' equity are recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, is equal to the carrying amount of the asset or liability in the balance sheet. The effective interest rate measurement takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

Commissions considered as an additional component of interest are included in the effective interest rate, and are recognised in the profit and loss account in 'Net interest income'. This category includes notably commissions on financing commitments when it is considered that the setting up of a loan is more likely than unlikely. Commissions received in respect of financing commitments are deferred until they are drawn and then included in the effective interest rate calculation and amortised over the life of the loan. Syndication commissions are also included in this category for the portion of the commission equivalent to the remuneration of other syndication participants.

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<sup>2</sup> Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash

## 1.f.2 Commissions and income from other activities

Commissions received with regards to banking and similar services provided (except for those that are integral part of the effective interest rate), revenues from property development and revenues from services provided in connection with lease contracts fall within the scope of IFRS 15 'Revenue from Contracts with Customers'.

This standard defines a single model for recognising revenue based on five-step principles. These five steps enable to identify the distinct performance obligations included in the contracts and allocate the transaction price among them. The income related to those performance obligations is recognised as revenue when the latter are satisfied, namely when the control of the promised goods or services has been transferred.

The price of a service may contain a variable component. Variable amounts may be recognised in the income statement only if it is highly probable that the amounts recorded will not result in a significant downward adjustment.

### Commission

BNP Paribas Fortis records commission income and expense in profit or loss:

- either over time as the service is rendered when the client receives continuous service. These include, for example, certain commissions on transactions with customers when services are rendered on a continuous basis, commissions on financing commitments that are not included in the interest margin, because the probability that they give rise to the drawing up of a loan is low, commissions on financial collateral, clearing commissions on financial instruments, commissions related to trust and similar activities, securities custody fees, etc.

Commissions received under financial guarantee commitments are deemed to represent the initial fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, in Commission Income.

- or at a point in time when the service is rendered, in other cases. These include, for example, distribution fees received, loan syndication fees remunerating the arrangement service, advisory fees, etc.

### Income from other activities

Income from services provided in connection with lease contracts is recorded under 'Income from other activities' in the income statement as the service is rendered, i.e. in proportion to the costs incurred for maintenance contracts.

## 1.g Financial assets and financial liabilities

Financial assets are classified at amortised cost, at fair value through shareholders' equity or at fair value through profit or loss depending on the business model and the contractual features of the instruments at initial recognition.

Financial liabilities are classified at amortised cost or at fair value through profit or loss at initial recognition.

Financial assets and liabilities are recognised in the balance sheet when BNP Paribas Fortis becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets made within a period established by the regulations or by a convention in the relevant marketplace are recognised in the balance sheet at the settlement date.

### 1.g.1 Financial assets at amortised cost

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal.

#### Business model criterion

Financial assets are managed within a business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

The realisation of disposals close to the maturity of the instrument and for an amount close to the remaining contractual cash flows, or due to an increase in the counterparty's credit risk is consistent with a business model whose objective is to collect the contractual cash flows ('collect'). Sales imposed by regulatory requirements or to manage the concentration of credit risk (without an increase in the asset's credit risk) are also consistent with this business model when they are infrequent or insignificant in value.

## Cash flow criterion

The cash flow criterion is satisfied if the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

The criterion is not met in the event of a contractual characteristic that exposes the holder to risks or to the volatility of contractual cash flows that are inconsistent with those of a non-structured or 'basic lending' arrangement. It is also not satisfied in the event of leverage that increases the variability of the contractual cash flows.

Interest consists of consideration for the time value of money, for the credit risk, and for the remuneration of other risks (e.g. liquidity risk), costs (e.g. administration fees), and a profit margin consistent with that of a basic lending arrangement. The existence of negative interest does not call into question the cash flow criterion.

The time value of money is the component of interest - usually referred to as the 'rate' component - which provides consideration for only the passage of time. The relationship between the interest rate and the passage of time must not be modified by specific characteristics that could call into question the respect of the cash flow criterion.

Thus, when the variable interest rate of the financial asset is periodically reset at a frequency that does not match the duration for which the interest rate is established, the time value of money may be considered as modified and, depending on the significance of that modification, the cash flow criterion may not be met. Some financial assets held by BNP Paribas Fortis present a mismatch between the interest rate reset frequency and the maturity of the index, or interest rates indexed to an average of benchmark rate. BNP Paribas Fortis has developed a consistent methodology for analysing this alteration of the time value of money.

Regulated rates meet the cash flow criterion when they provide a consideration that is broadly consistent with the passage of time and does not expose to risks or volatility in the contractual cash flows that would be inconsistent with those of a basic lending arrangement.

Some contractual clauses may change the timing or the amount of cash flows. Early redemption options do not call into question the cash flow criterion if the prepayment amount substantially represents the principal amount outstanding and the interest thereon, which may include reasonable compensation for the early termination of the contract. For example, as regards loans to retail customers, the compensation limited to six months of interest or 3% of the capital outstanding is considered reasonable. Actuarial penalties, corresponding to the discounted value of the difference between the residual contractual cash flows of the loan, and their reinvestment in a loan to a similar counterparty or in the interbank market for a similar residual maturity are also considered as reasonable, even when the compensation can be positive or negative (i.e. 'symmetric' compensation). An option that permits the issuer or the holder of a financial instrument to change the interest rate from floating to fixed rate does not breach the cash flow criterion if the fixed rate is determined at origination, or if it represents the time value of money for the residual maturity of the instrument at the date of exercise of the option. Clauses included in financing granted to encourage the sustainable development of companies which adjust the interest margin depending on the achievement of environmental, social or governance (ESG) objectives do not call into question the cash flow criterion when such an adjustment is considered to be minimal. Structured instruments indexed to ESG market indices do not meet the cash flow criterion.

In the particular case of financial assets contractually linked to payments received on a portfolio of underlying assets and which include a priority order for payment of cash flows between investors ('tranches'), thereby creating concentrations of credit risk, a specific analysis is carried out. The contractual characteristics of the tranche and those of the underlying financial instrument portfolios must meet the cash flow criterion and the credit risk exposure of the tranche must be equal to or lower than the exposure to credit risk of the underlying pool of financial instruments.

Certain loans may be 'non-recourse', either contractually, or in substance when they are granted to a special purpose entity. That is in particular the case of numerous project financing or asset financing loans. The cash flow criterion is met as long as these loans do not represent a direct exposure on the assets acting as collateral. In practice, the sole fact that the financial asset explicitly gives rise to cash flows that are consistent with payments of principal and interest is not sufficient to conclude that the instrument meets the cash flow criterion. In that case, the particular underlying assets to which there is limited recourse shall be analysed using the 'look-through' approach. If those assets do not themselves meet the cash flow criterion, the existing credit enhancement is assessed. The following aspects are considered: structuring and sizing of the transaction, own funds level of the structure, expected source of repayment, price volatility of the underlying assets. This analysis is applied to 'non-recourse' loans granted by BNP Paribas Fortis.

The 'financial assets at amortised cost' category includes, in particular, loans granted by BNP Paribas Fortis, as well as, reverse repurchase agreements and securities held by BNP Paribas Fortis ALM Treasury in order to collect contractual flows and meeting the cash flow criterion.

## Recognition

On initial recognition, financial assets are recognised at fair value, including transaction costs directly attributable to the transaction as well as commissions related to the origination of the loans.

They are subsequently measured at amortised cost, including accrued interest and net of repayments of principal and interest during the past period. These financial assets are also subject from their initial recognition, to the measurement of a loss allowance for expected credit losses (note 1.g.4).

Interest is calculated using the effective interest method determined at inception of the contract.

### 1.g.2 Financial assets at fair value through shareholders' equity

#### Debt instruments

Debt instruments are classified at fair value through shareholders' equity if the following two criteria are met:

- business model criterion: financial assets are held in a business model whose objective is achieved by both holding the financial assets in order to collect contractual cash flows and selling the financial assets ('collect and sale'). The latter is not incidental but is an integral part of the business model;
- cash flow criterion: the principles are identical to those applicable to financial assets at amortised cost.

The securities held by BNP Paribas Fortis ALM Treasury in order to collect contractual flows or to be sold and meeting the cash flow criterion are in particular classified in this category.

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction. They are subsequently measured at fair value and changes in fair value are recognised, under a specific line of shareholders' equity entitled 'Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss'. These financial assets are also subject to the measurement of a loss allowance for expected credit losses on the same approach as for debt instruments at amortised cost. The counterparty of the related impact in 'Cost of risk' is recognised in the same specific line of shareholders' equity. On disposal, changes in fair value previously recognised in shareholders' equity are reclassified to profit or loss.

In addition, interest is recognised in the income statement using the effective interest method determined at the inception of the contract.

#### Equity instruments

Investments in equity instruments such as shares are classified on option, and on a case by case basis, at fair value through shareholders' equity (under a specific line). On disposal of the shares, changes in fair value previously recognised in equity are not recognised in profit or loss. Only dividends, if they represent remuneration for the investment and not repayment of capital, are recognised in profit or loss. These instruments are not subject to impairment.

Investments in mutual funds puttable to the issuer do not meet the definition of equity instruments. They do not meet the cash flow criterion either, and thus are recognised at fair value through profit or loss.

### 1.g.3 Financing and guarantee commitments

Financing and financial guarantee commitments that are not recognised at fair value through profit or loss are presented in the note relating to Financing and guarantee commitments. They are subject to the measurement of a loss allowance for expected credit losses. These loss allowances are presented under 'provisions for contingencies and charges'.

### 1.g.4 Impairment of financial assets measured at amortised cost and debt instruments measured at fair value through shareholders' equity

The impairment model for credit risk is based on expected losses.

This model applies to loans and debt instruments measured at amortised cost or at fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets.

#### General model

BNP Paribas Fortis identifies three stages that each correspond to a specific status with regards to the evolution of counterparty credit risk since the initial recognition of the asset.

- 12-month expected credit losses ('Stage 1'): If at the reporting date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months).
- Lifetime expected credit losses for non-impaired assets ('Stage 2'): The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not considered credit impaired or doubtful.
- Lifetime expected credit losses for credit-impaired or doubtful financial assets ('Stage 3'): the loss allowance is also measured for an amount equal to the lifetime expected credit losses.

This general model is applied to all instruments within the scope of IFRS 9 impairment, except for purchased or originated credit-impaired financial assets and instruments for which a simplified model is used (see below).

The IFRS 9 expected credit loss approach is symmetrical, i.e. if lifetime expected credit losses have been recognised in a previous reporting period, and if it is assessed in the current reporting period that there is no longer any significant increase in credit risk since initial recognition, the loss allowance reverts to a 12-months expected credit loss.

As regards interest income, under 'stages' 1 and 2, it is calculated on the gross carrying amount. Under Stage 3, interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the loss allowance).

## Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due. This definition takes into account the EBA guidelines of 28 September 2016, notably those regarding the thresholds applicable for the counting of past-due and probation periods.

The definition of default is used consistently for assessing the increase in credit risk and measuring expected credit losses.

## Credit-impaired or doubtful financial assets

### *Definition*

A financial asset is considered credit-impaired or doubtful and classified in Stage 3 when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

At an individual level, objective evidence that a financial asset is credit-impaired includes observable data regarding the following events:

- the existence of accounts that are more than 90 days past due;
- knowledge or indications that the borrower is experiencing significant financial difficulties, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been in financial difficulty (see section 'Restructuring of financial assets for financial difficulties').

### *Specific cases of purchased or originated credit-impaired assets*

In some cases, financial assets are credit-impaired at initial recognition.

For these assets, no loss allowance is recorded on initial recognition. The effective interest rate is calculated taking into account the lifetime expected credit losses in the initial estimated cash flows. Any change in lifetime expected credit losses since initial recognition, positive or negative, is recognised as a loss allowance adjustment in profit or loss.

## Simplified model

The simplified approach consists in accounting for a loss allowance corresponding to lifetime expected credit losses since initial recognition, and at each reporting date.

BNP Paribas Fortis applies this model to trade receivables with a maturity shorter than 12 months.

## Significant increase in credit risk

A significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics), taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Assessment of deterioration is based on the comparison of the probabilities of default derived from the ratings on the date of initial recognition with those existing at the reporting date.

There is also, according to the standard, a rebuttable presumption that the credit risk of an instrument has significantly increased since initial recognition when the contractual payments are more than 30 days past due.

In the consumer credit specialist business, a significant increase in credit risk is also considered when a past due event has occurred within the last 12 months, even if it has since been regularised.

The principles applied to assess the significant increase in credit risk were modified in 2022 and are detailed in note 3.g 'Cost of risk'.

## Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of the financial instruments. They are measured on an individual basis, for all exposures.

In practice, for exposures classified in Stage 1 and Stage 2, expected credit losses are measured as the product of the probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'), discounted at the effective interest rate of the exposure (EIR). They result from the risk of default within the next 12 months (Stage 1), or from the risk of default over the maturity of the facility (Stage 2). In the consumer credit specialist business, because of the specificity of credit exposures, the methodology used is based on the probability of transition to term forfeiture, and on discounted loss rates after term forfeiture. These parameters are measured on a statistical basis for homogeneous populations.

For exposures classified in Stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument. Cash shortfalls represent the difference between the cash flows that are due in accordance with the contract, and the cash flows that are expected to be received. Where appropriate, the estimate of expected cash flows takes into account a cash flow scenario arising from the sale of the defaulted loans or groups of loans. The proceeds from the sale are recorded net of costs to sell.

The methodology developed is based on existing concepts and methods (in particular the Basel framework) on exposures for which capital requirement for credit risk is measured according to the IRBA methodology. This method is also applied to portfolios for which capital requirement for credit risk is measured according to the standardised approach. Besides, the Basel framework has been adjusted in order to be compliant with IFRS 9 requirements, in particular the use of forward-looking information.

### ***Maturity***

All contractual terms of the financial instrument are taken into account, including prepayment, extension and similar options. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term is used.

The standard specifies that the maximum period to consider when measuring expected credit losses is the maximum contractual period. However, for revolving credit cards and overdrafts, in accordance with the exception provided by IFRS 9 for these products, the maturity considered for measuring expected credit losses is the period over which the entity is exposed to credit risk, which may extend beyond the contractual maturity (notice period). For revolving credits and overdrafts to non-retail counterparties, the contractual maturity can be used, for example if the next review date is the contractual maturity as they are individually managed.

### ***Probabilities of Default (PD)***

Probability of Default is an estimate of the likelihood of default over a given time horizon.

The determination of the PD is based on the internal rating system of BNP Paribas Fortis. Environmental, social and governance (ESG) risks are taken into account in credit and rating policies.

The measurement of expected credit losses requires the estimation of both 1 year probabilities of default and lifetime probabilities of default:

- 1-year PDs are derived from long-term average regulatory 'through the cycle' PDs to reflect the current situation ('point in time' or 'PIT');
- lifetime PDs are determined based on the rating migration matrices reflecting the expected changes in the rating of the exposure until maturity, and the associated probabilities of default.

### ***Loss Given Default (LGD)***

Loss Given Default is the difference between contractual cash flows and expected cash flows, discounted using the effective interest rate (or an approximation thereof) at the default date. LGD is expressed as a percentage of the Exposure At Default (EAD).

The estimate of expected cash flows takes into account cash flows resulting from the sale of collateral held or other credit enhancements if they are part of the contractual terms and are not accounted for separately by the entity (for example, a mortgage associated with a residential loan), net of the costs of obtaining and selling the collateral.

For guaranteed loans, the guarantee is considered as integral to the loan agreement if it is embedded in the contractual clauses of the loan, or if it was granted concomitantly to the loan, and if the expected reimbursement amount can be attached to a loan in particular (i.e. absence of pooling effect by means of a tranching mechanism, or the existence of a global cap for a whole portfolio). In such case, the guarantee is taken into account when measuring the expected credit losses. Otherwise, it is accounted for as a separate reimbursement asset.

The LGD used for IFRS 9 purposes is derived from the Basel LGD parameters. It is adjusted for downturn and conservatism margins (in particular regulatory margins), except for margins for model uncertainties.

#### ***Exposure At Default (EAD)***

Exposure At Default (EAD) of an instrument is the anticipated outstanding amount owed by the obligor at the time of default. It is determined by the expected payment profile taking into account, depending on the product type: the contractual repayment schedule, expected early repayments and expected future drawings for revolving facilities.

#### ***Forward looking information***

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

The principles applied to take into account forward looking information when measuring expected credit losses are detailed in note 3.g 'Cost of risk'.

## Write-offs

A write-off consists in reducing the gross carrying amount of a financial asset when there are no longer reasonable expectations of recovering that financial asset in its entirety or a portion thereof, or when it has been fully or partially forgiven. The write-off is recorded when all other means available to the Bank for recovering the receivables or guarantees have failed, and also generally depends on the context specific to each jurisdiction.

If the amount of loss on write-off is greater than the accumulated loss allowance, the difference is recognised as an additional impairment loss in 'Cost of risk'. For any recovery once the financial asset (or part thereof) is no longer recognised on the balance-sheet, the amount received is recorded as a gain in 'Cost of risk'.

## Recoveries through the repossession of the collateral

When a loan is secured by a financial or a non-financial asset serving as a guarantee and the counterparty is in default, BNP Paribas Fortis may decide to exercise the guarantee and, depending on the jurisdiction, it may then become owner of the asset. In such a situation, the loan is written-off against the asset received as collateral.

Once ownership of the asset is effective, it is recognised at fair value and classified according to the intent of use.

## Restructuring of financial assets for financial difficulties

A restructuring due to the borrower's financial difficulties is defined as a change in the terms and conditions of the initial transaction that BNP Paribas Fortis is considering only for economic or legal reasons related to the borrower's financial difficulties.

For restructurings not resulting in derecognition of the financial asset, the restructured asset's gross carrying amount is reduced to the discounted amount, using the original effective interest rate of the asset, of the new expected future flows. The change in the gross carrying amount of the asset is recorded in the income statement in 'Cost of risk'.

The existence of a significant increase in credit risk for the financial instrument is then assessed by comparing the risk of default after the restructuring (under the revised contractual terms) and the risk of default at the initial recognition date (under the original contractual terms). In order to demonstrate that the criteria for recognising lifetime expected credit losses are no longer met, good payment behaviour will have to be observed over a certain period of time.

When the restructuring consists of a partial or total exchange against other substantially different assets (for example, the exchange of a debt instrument against an equity instrument), it results in the extinction of the original asset and the recognition of the assets remitted in exchange, measured at their fair value at the date of exchange. The difference in value is recorded in the income statement in 'Cost of risk'.

Modifications to financial assets that are not due to a borrower's financial difficulties, or granted in the context of a moratorium (i.e. commercial renegotiations) are generally analysed as the early repayment of the former loan, which is then derecognised, followed by the set-up of a new loan at market conditions. If there is no significant repayment penalty, they consist in resetting the interest rate of the loan at market conditions, with the client being in a position to change lender and not encountering any financial difficulties.

## Probation periods

BNP Paribas Fortis applies observation periods to assess the possible return to a better stage. Accordingly, a 3-month probation period is observed for the transition from stage 3 to stage 2 which is extended to 12 months in the event of restructuring due to financial difficulties.

For the transition from stage 2 to stage 1, a probation period of two years is observed for loans that have been restructured due to financial difficulties.

## 1.g.5 Cost of risk

'Cost of risk' includes the following items of profit or loss:

- impairment gains and losses resulting from the accounting of loss allowances for 12-month expected credit losses and lifetime expected credit losses ('Stage 1' and 'Stage 2') relating to debt instruments measured at amortised cost or at fair value through shareholders' equity, loan commitments and financial guarantee contracts that are not recognised at fair value as well as lease receivables, contract assets and trade receivables;
- impairment gains and losses resulting from the accounting of loss allowances relating to financial assets (including those at fair value through profit or loss) for which there is objective evidence of impairment ('Stage 3'), write-offs on irrecoverable loans and amounts recovered on loans written-off.

It also includes expenses relating to fraud and to disputes inherent to the financing activity.

## 1.g.6 Financial instruments at fair value through profit or loss

### Trading portfolio and other financial assets measured at fair value through profit or loss

The trading portfolio includes instruments held for trading (trading transactions), including derivatives.

Other financial assets measured at fair value through profit or loss include debt instruments that do not meet the 'collect' or 'collect and sale' business model criterion or that do not meet the cash flow criterion, as well as equity instruments for which the fair value through shareholders' equity option has not been retained. Finally, financial assets may be designated as at fair value through profit or loss if this enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would otherwise arise if they were to be classified in separate categories.

All those financial instruments are measured at fair value at initial recognition, with transaction costs directly posted in profit or loss. At the reporting date, they are measured at fair value, with changes presented in 'Net gain/loss on financial instruments at fair value through profit or loss'. Income, dividends and realised gains and losses on disposal related to held-for-trading transactions are accounted for in the same profit or loss account.

### Financial liabilities designated as at fair value through profit or loss

Financial liabilities are recognised under option in this category in the two following situations:

- for hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately. An embedded derivative is such that its economic characteristics and risks are not closely related to those of the host contract;
- when using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would otherwise arise if they were to be classified in separate categories.

Changes in fair value due to the own credit risk are recognised under a specific heading of shareholders' equity.

## 1.g.7 Financial liabilities and equity instruments

A financial instrument issued or its various components are classified as a financial liability or equity instrument, in accordance with the economic substance of the legal contract.

Financial instruments issued by BNP Paribas Fortis are qualified as debt instruments if the entity in the Group of BNP Paribas Fortis issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if BNP Paribas Fortis is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to BNP Paribas Fortis, or to deliver a variable number of BNP Paribas Fortis' own equity instruments.

Equity instruments result from contracts evidencing a residual interest in an entity's assets after deducting all of its liabilities.

### Debt securities and subordinated debt

Debt securities and subordinated debt are measured at amortised cost unless they are recognised at fair value through profit or loss.

Debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable or convertible into own equity are hybrid instruments that may contain a debt component and an equity component, determined upon initial recognition of the transaction.

### Equity instruments

The term 'own equity instruments' refers to shares issued by BNP Paribas Fortis and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by BNP Paribas Fortis, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When BNP Paribas Fortis acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas Fortis, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to shareholders of BNP Paribas Fortis. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas Fortis shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in BNP Paribas Fortis' interest in a fully consolidated subsidiary is recognised in BNP Paribas Fortis' accounts as a change in shareholders' equity.

Financial instruments issued by BNP Paribas Fortis and classified as equity instruments (e.g. Undated Super Subordinated Notes) are presented in the balance sheet in 'Capital and retained earnings'.

Distributions from a financial instrument classified as an equity instrument are recognised directly as a deduction from equity. Similarly, the transaction costs of an instrument classified as equity are recognised as a deduction from shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash or by choice by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the Bank to repurchase its own shares, the Bank recognises the debt at its present value with an offsetting entry in shareholders' equity.

## 1.g.8 Hedge accounting

BNP Paribas Fortis retained the option provided by the standard to maintain the hedge accounting requirements of IAS 39 until the future standard on macro-hedging is entered into force. Furthermore, IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions in IAS 39 for these portfolio hedges, as adopted by the European Union, continue to apply.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, BNP Paribas Fortis prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, BNP Paribas Fortis assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlying;
- the hedging instruments used consist exclusively of 'plain vanilla' swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlying. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlying specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in 'Net gain/loss on financial instruments at fair value through profit or loss', symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under 'Remeasurement adjustment on interest rate risk hedged portfolios' in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, 'Changes in fair value recognised directly in equity'. The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under 'Net interest income' as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under 'Net gain/loss on financial instruments at fair value through profit or loss'.

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be foreign exchange derivatives or any other non-derivative financial instrument.

## 1.g.9 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

BNP Paribas Fortis determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximise the use of observable inputs and minimise the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, BNP Paribas Fortis retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices;
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets;
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy and marginally some instruments disclosed in Level 2, a difference between the transaction price and the fair value may arise at initial recognition. This 'Day One Profit' is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

## 1.g.10 Derecognition of financial assets and financial liabilities

### Derecognition of financial assets

BNP Paribas Fortis derecognises all or part of a financial asset when the contractual rights to the cash flows of the asset expire or when BNP Paribas Fortis transfers the asset - either on the basis of a transfer of the contractual rights to its cash flows or by retaining the contractual rights to receive the cash flows of the asset while assuming an obligation to pay the cash flows of the asset under an eligible pass-through arrangement - as well as substantially all the risks and rewards of the asset.

Where BNP Paribas Fortis has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not in practice retained control of the financial asset, BNP Paribas Fortis derecognises the financial asset and then records separately, if necessary, an asset or liability representing the rights and obligations created or held as part of the transfer of the asset. If BNP Paribas Fortis has retained control of the financial asset, it maintains it on its balance sheet to the extent of its continuing involvement in that asset.

Upon the derecognition of a financial asset in its entirety, a gain or loss on disposal is recognised in the profit and loss account for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received, adjusted where appropriate for any unrealised gain or loss previously recognised directly in equity.

If all these conditions are not met, BNP Paribas Fortis retains the asset in its balance sheet and recognises a liability for the obligations arising on the transfer of the asset.

## Derecognition of financial liabilities

BNP Paribas Fortis derecognises all or part of a financial liability when the liability is extinguished in full or in part, i.e. when the obligation specified in the contract is extinguished, cancelled or expired. A financial liability may also be derecognised in the event of a substantial change in its contractual terms or if exchanged with the lender for an instrument with substantially different contractual terms.

## Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recognised in the BNP Paribas Fortis balance sheet in the category of securities to which they belong. The corresponding liability is recognised at amortised cost under the appropriate 'Financial liabilities at amortised cost' category on the balance sheet, except in the case of repurchase agreements contracted for trading purposes, for which the corresponding liability is recognised in 'Financial liabilities at fair value through profit or loss'.

Securities temporarily acquired under reverse repurchase agreements are not recognised in the BNP Paribas Fortis balance sheet. The corresponding receivable is recognised at amortised cost under the appropriate 'Financial assets at amortised cost' category in the balance sheet, except in the case of reverse repurchase agreements contracted for trading purposes, for which the corresponding receivable is recognised in 'Financial assets at fair value through profit or loss'.

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by BNP Paribas Fortis, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under 'financial liabilities at fair value through profit or loss'.

## 1.g.11 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, BNP Paribas Fortis has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives that meet the two criteria set out in the accounting standard are offset in the balance sheet.

## 1.h Property, plant, equipment and intangible assets

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property. Rights-of-use related to leased assets (see note 1.i.2) are presented by the lessee within fixed assets in the same category as similar assets held.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by BNP Paribas Fortis as lessor under operating leases.

Property that was previously used in operations and that is withdrawn from use with the intention to redevelop for future sale is transferred from 'Property, plant and equipment' to 'Other assets' at its carrying amount. Property under development is measured in accordance with IAS 2 'Inventories' at the lower of cost and net realisable value, which is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down of these inventories to net realisable value is recognised in profit and loss as 'Expense on other activities' in the period the write-down occurs.

Investment property comprises property assets held to generate rental income and capital gains and is recognised at cost.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by BNP Paribas Fortis that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by BNP Paribas Fortis as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under 'Depreciation, amortisation and impairment of property, plant and equipment and intangible assets'.

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas Fortis has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in 'Depreciation, amortisation and impairment of property, plant and equipment and intangible assets'.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in 'Net gain on non-current assets'.

When property under development is sold, its carrying amount is recognised in the profit and loss account 'Expense on other activities' in the period in which the related revenue is recognised in profit and loss as 'Income from other activities'.

Gains and losses on disposals of investment property are recognised in the profit and loss account in 'Income from other activities' or 'Expense on other activities'.

## 1.i Leases

BNP Paribas Fortis' companies may either be the lessee or the lessor in a lease agreement.

### 1.i.1 BNP Paribas Fortis as lessor

Leases contracted by BNP Paribas Fortis as lessor are categorised as either finance leases or operating leases.

#### Finance leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under 'Interest income'. The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest, such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Impairments of lease receivables are determined using the same principles as applied to financial assets measured at amortised cost.

## Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over its useful life. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under 'Income from other activities' and 'Expense on other activities'.

### 1.i.2 BNP Paribas Fortis as lessee

Lease contracts concluded by BNP Paribas Fortis, with the exception of contracts whose term is shorter than or equal to 12 months and low-value contracts, are recognised in the balance-sheet in the form of a right of use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets are amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period. Dismantling costs corresponding to specific and significant fittings and fixtures are included in the initial right-of-use estimation, in counterparty of a provision liability.

The key hypothesis used by BNP Paribas Fortis for the measurement of rights of use and lease liabilities are the following:

- The lease term corresponds to the non-cancellable period of the contract, together with periods covered by an extension option if BNP Paribas Fortis is reasonably certain to exercise this option. In Belgium, the standard commercial lease contract is the so-called 'three, six, nine' contract for which the maximum period of use is nine years, with a first non-cancellable period of three years followed by two optional extension periods of three years each; hence, depending on the assessment, the lease term can be of three, six or nine years. When investments like fittings or fixtures are performed under the contract, the lease term is aligned with their useful lives. For tacitly renewable contracts, with or without an enforceable period, related right of use and lease liabilities are recognised based on an estimate of the reasonably foreseeable economic life of the contracts, minimal occupation period included.
- The discount rate used to measure the right of use and the lease liability is assessed for each contract as the interest rate implicit in the lease, if that rate can be readily determined, or more generally based on the incremental borrowing rate of the lessee at the date of signature. The incremental borrowing rate is determined considering the average term (duration) of the contract;
- When the contract is modified, a new assessment of the lease liability is made taking into account the new residual term of the contract, and therefore a new assessment of the right of use and the lease liability is established.

## 1.j Non-current assets held for sale and discontinued operations

Where BNP Paribas Fortis decides to sell assets or a group of assets and liabilities and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line 'Assets held for sale'. Any liabilities associated with these assets are also shown separately in the balance sheet, on the line 'Liabilities associated with assets held for sale'. When BNP Paribas Fortis is committed to a sale plan involving loss of control of a subsidiary and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale.

Once classified in this category, assets and the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a 'discontinued operation'. Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

In this case gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line 'Net income from discontinued activities'. This line includes after tax profits or losses of discontinued operations, after tax gain or loss arising from remeasurement at fair value less costs to sell, and after tax gain or loss on disposal of the operation.

## 1.k Employee benefits

Employee benefits are classified in one of four following categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits.

### Short-term benefits

BNP Paribas Fortis recognises an expense when it has used services rendered by employees in exchange for employee benefits.

### Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

### Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by BNP Paribas Fortis to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

### Post-employment benefits

In accordance with IFRS, BNP Paribas Fortis draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for BNP Paribas Fortis and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for BNP Paribas Fortis. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether BNP Paribas Fortis has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by BNP Paribas Fortis, using the projected unit credit method. This method takes into account various parameters, specific to each country or entity of BNP

Paribas Fortis, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for BNP Paribas Fortis in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under 'Salaries and employee benefits', with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders' equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

## 1.l Share-based payments

Share-based payment transactions are payments based on shares issued by BNP Paribas, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

### Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave BNP Paribas Fortis and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

### Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

## 1.m Provisions recorded under liabilities

Provisions recorded under liabilities (other than those relating to financial instruments and employee benefits) mainly relate to restructuring, claims and litigation, fines and penalties.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

## 1.n Current and deferred tax

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which BNP Paribas Fortis operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of BNP Paribas Fortis, where BNP Paribas Fortis is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

As regards the assessment of uncertainty over income tax treatments, BNP Paribas Fortis adopts the following approach:

- BNP Paribas Fortis assesses whether it is probable that a taxation authority will accept an uncertain tax treatment;
- any uncertainty shall be reflected when determining the taxable profit (loss) by considering either the most likely amount (having the higher probability of occurrence), or the expected value (sum of the probability-weighted amounts).

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity. This concerns in particular the tax effect of coupons paid on financial instruments issued by BNP Paribas Fortis and qualified as equity instruments, such as Undated Super Subordinated Notes.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under 'Corporate income tax'.

## 1.o Cash flow statement

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the BNP Paribas Fortis' operations, including those relating to negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

## 1.p Use of estimates in the preparation of the financial statements

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements.

This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- the analysis of the cash flow criterion for specific financial assets;
- the measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting;
- the analysis of renegotiated loans, in order to assess whether they should be maintained on the balance-sheet or derecognised;
- the assessment of an active market, and the use of internally-developed models for the measurement of the fair value of financial instruments not quoted in an active market classified in 'Financial assets at fair value through equity' or in 'Financial instruments at fair value through profit or loss', whether as assets or liabilities, and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- the assumptions applied to assess the sensitivity to each type of market risk of the market value of financial instruments and the sensitivity of these valuations to the main unobservable inputs as disclosed in the notes to the financial statements;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- the impairment tests performed on goodwill and intangible assets;
- the impairment testing of investments in equity-method entities;
- the estimation of residual asset values under simple lease agreements. These values are used as a basis for the determination of depreciation as well as any impairment, notably in relation to the effect of environmental considerations on the evaluation of future prices of second-hand vehicles;
- the deferred tax assets;
- the measurement of uncertainty over income tax treatments and other provisions for contingencies and charges (including the provisions for employee benefits). In particular, while investigations and litigations are ongoing, it is difficult to foresee their outcome and potential impact. Provision estimation is established by taking into account all available information at the date of the preparation of the financial statements, in particular the nature of the dispute, the underlying facts, the ongoing legal proceedings and court decisions, including those related to similar cases. BNP Paribas Fortis may also use the opinion of experts and independent legal advisers to exercise its judgement.

## 2. IFRS 17 AND IFRS 9 FIRST TIME APPLICATION IMPACTS

### IFRS 17 and IFRS 9 first time application impacts on the balance sheet at 31 December 2022

In millions of euros	31 December 2022	IFRS 17 and 9 1 <sup>st</sup> time application impacts	31 December 2022 restated according to IFRS 17 and 9
<b>ASSETS</b>			
Cash and balances at central banks	39,009	-	39,009
Financial instruments at fair value through profit or loss	12,315	-	12,315
<i>Securities</i>	1,376	-	1,376
<i>Loans and repurchase agreements</i>	2,558	-	2,558
<i>Derivative financial instruments</i>	8,381	-	8,381
Derivatives used for hedging purposes	6,499	-	6,499
Financial assets at fair value through equity	5,877	-	5,877
<i>Debt securities</i>	5,739	-	5,739
<i>Equity securities</i>	138	-	138
Financial assets at amortised cost	241,156	-	241,156
<i>Loans and advances to credit institutions</i>	11,220	-	11,220
<i>Loans and advances to customers</i>	216,785	-	216,785
<i>Debt securities</i>	13,151	-	13,151
Remeasurement adjustment on interest-rate risk hedged portfolios	(907)	-	(907)
Financial investments and other assets related to insurance activities	266	20	286
Current and deferred tax assets	1,241	(1)	1,240
Accrued income and other assets	11,467	(54)	11,413
Equity-method investments	2,572	(92)	2,480
Property, plant and equipment and Investment property	29,581	-	29,581
Intangible assets	468	-	468
Goodwill	848	-	848
<b>TOTAL ASSETS</b>	<b>350,392</b>	<b>(127)</b>	<b>350,265</b>
<b>LIABILITIES</b>			
Deposits from central banks	2,363	-	2,363
Financial instruments at fair value through profit or loss	18,520	-	18,520
<i>Securities</i>	603	-	603
<i>Deposits and repurchase agreements</i>	7,562	-	7,562
<i>Issued debt securities</i>	2,388	-	2,388
<i>Derivative financial instruments</i>	7,967	-	7,967
Derivatives used for hedging purposes	9,692	-	9,692
Financial liabilities at amortised cost	277,522	-	277,522
<i>Deposits from credit institutions</i>	46,295	-	46,295
<i>Deposits from customers</i>	212,692	-	212,692
<i>Debt securities</i>	16,252	-	16,252
<i>Subordinated debt</i>	2,283	-	2,283
Remeasurement adjustment on interest-rate risk hedged portfolios	(5,216)	-	(5,216)
Current and deferred tax liabilities	1,083	-	1,083
Accrued expenses and other liabilities	11,405	(32)	11,373
Technical reserves and other insurance liabilities	190	(190)	-
Liabilities related to insurance contracts	-	178	178
Provisions for contingencies and charges	3,782	-	3,782
<b>TOTAL LIABILITIES</b>	<b>319,341</b>	<b>(44)</b>	<b>319,297</b>
<b>EQUITY</b>			
<i>Share capital, additional paid-in capital and retained earnings</i>	24,898	5	24,903
<i>Net income for the period attributable to shareholders</i>	3,161	(25)	3,136
Total capital, retained earnings and net income for the period attributable to shareholders	28,059	(20)	28,039
Changes in assets and liabilities recognised directly in equity	(2,673)	(70)	(2,743)
<b>Shareholders' equity</b>	<b>25,386</b>	<b>(90)</b>	<b>25,296</b>
<b>Minority interests</b>	<b>5,665</b>	<b>7</b>	<b>5,672</b>
<b>TOTAL EQUITY</b>	<b>31,051</b>	<b>(83)</b>	<b>30,968</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>350,392</b>	<b>(127)</b>	<b>350,265</b>

Since 1 January 2023, the BNP Paribas Fortis Group's insurance entities applied IFRS 17 'Insurance Contracts' issued in May 2017 and amended in June 2020, adopted by the European Union in November 2021, with a transition date of 1 January 2022 for the opening balance sheet requirements of the comparative period required by the standard.

As the BNP Paribas Fortis Group deferred the application of IFRS 9 'Financial Instruments', for insurance entities until the entry into force of IFRS 17, it applies this standard from 1 January 2023.

In addition, the entry into force of IFRS 17 brings into effect various amendments to other standards, including IAS 1 for presentation, IAS 16 and IAS 40 for valuation and presentation of real estate assets, IAS 28 for exemptions from the equity method and IAS 32 and IFRS 9 for own equity instruments and other securities issued by the BNP Paribas Fortis Group.

The main effect of these changes in the balance sheet of December 2022 is in Shareholder's Equity amounting to EUR (0.09) billion. The impact is mainly related to a non-controlled entity consolidated via equity method.

## 3. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE FIRST HALF OF 2023

### 3.a Net interest income

BNP Paribas Fortis includes in 'interest income' and 'interest expense' all income and expense calculated using the effective interest method (interest, fees and transaction costs) from financial instruments measured at amortised cost and financial instruments measured at fair value through equity.

These items also include the interest income and expense of non-trading financial instruments, the characteristics of which do not allow for recognition at amortised cost or at fair value through equity, as well as of financial instruments that the Bank has designated as at fair value through profit or loss. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under 'Net gain on financial instruments at fair value through profit or loss'.

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

In the case of a negative interest rates related to loans and receivables or deposits from customers and credit institutions, they are accounted for in interest expense or interest income respectively.

In millions of euros	First half 2023			First half 2022 restated according to IFRS 17 and 9		
	Income	Expense	Net	Income	Expense	Net
<b>Financial instruments at amortised cost</b>	<b>5,342</b>	<b>(2,657)</b>	<b>2,685</b>	<b>3,239</b>	<b>(862)</b>	<b>2,377</b>
Deposits, loans and borrowings	4,404	(2,037)	2,367	2,647	(762)	1,885
Repurchase agreements	231	(372)	(141)	26	(11)	15
Finance leases	618	(44)	574	527	(45)	482
Debt securities	89	-	89	39	-	39
Issued debt securities and subordinated debts	-	(204)	(204)	-	(44)	(44)
<b>Financial instruments at fair value through equity</b>	<b>102</b>	<b>-</b>	<b>102</b>	<b>29</b>	<b>-</b>	<b>29</b>
Debt securities	102	-	102	29	-	29
<b>Financial instruments at fair value through profit or loss (Trading securities excluded)</b>	<b>4</b>	<b>(30)</b>	<b>(26)</b>	<b>2</b>	<b>(14)</b>	<b>(12)</b>
<b>Cash flow hedge instruments</b>	<b>121</b>	<b>(131)</b>	<b>(10)</b>	<b>119</b>	<b>(114)</b>	<b>5</b>
<b>Interest rate portfolio hedge instruments</b>	<b>1,000</b>	<b>(1,525)</b>	<b>(525)</b>	<b>468</b>	<b>(439)</b>	<b>29</b>
<b>Lease liabilities</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>
<b>Net interest income/expense</b>	<b>6,569</b>	<b>(4,349)</b>	<b>2,220</b>	<b>3,857</b>	<b>(1,433)</b>	<b>2,424</b>

Interest income on individually impaired loans amounted to EUR 21 million for the first half of 2023, compared with EUR 16 million for the first half of 2022.

BNP Paribas Fortis subscribed to the TLTRO III (Targeted Longer-Term Refinancing Operations) programme, as modified by the Governing Council of the European Central Bank in March 2020, in December 2020 and in October 2022 (see note 5f). BNP Paribas Fortis achieved the lending performance thresholds that enabled it to benefit from favourable interest rate conditions applicable for each of the reference period, namely:

- over the two special interest periods (i.e. from June 2020 to June 2022): the average deposit facility rate ("DFR") -50 basis points, or -1%;
- over the next period (i.e. from June 2022 to November 2022): the average of the DFR between the TLTRO III initial date of subscription and 22 November 2022, i.e., for the main draws, -0.36% for the June 2020 tranche and -0.29% for the March 2021 tranche;
- over the last period (since 23 November 2022): the average of the DFR between 23 November 2022 and the redemption date. The average effective interest rate for the latter period was 2.55% (1.64% until 31 December 2022 and 2.75% for the first half 2023).

This floating interest rate is considered as a market rate since it is applicable to all financial institutions meeting the lending criteria defined by the European Central Bank. The effective interest rate of these financial liabilities is determined for each reference period, its two components (reference rate and margin) being adjustable; it corresponds to the nominal interest rate. The addition of the last interest period in October 2022 is part of the European Central Bank's monetary policy and is therefore not considered a contractual amendment according to IFRS 9 but a revision of the market rate.

### 3.b Commission income and expense

In millions of euros	First half 2023			First half 2022 restated according to IFRS 17 and 9		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	73	(37)	36	60	(41)	19
Securities and derivatives transactions	500	(135)	365	513	(127)	386
Financing and guarantee commitments	92	(13)	79	88	(12)	76
Asset management and other services	344	(6)	338	337	(12)	325
Others	185	(272)	(87)	155	(218)	(63)
<b>Net Commission income/expense</b>	<b>1,194</b>	<b>(463)</b>	<b>731</b>	<b>1,153</b>	<b>(410)</b>	<b>743</b>
<i>Of which net commission income related to trust and similar activities through which BNP Paribas Fortis holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions</i>	242	(4)	238	229	(1)	228
<i>Of which commission income and expense on financial instruments not measured at fair value through profit or loss</i>	196	(52)	144	179	(64)	115

### 3.c Net gain on financial instruments at fair value through profit or loss

Net gain on financial instruments measured at fair value through profit or loss includes all profit and loss items relating to financial instruments managed in the trading book, non-trading equity instruments that BNP Paribas Fortis did not choose to measure at fair value through equity, financial instruments that the Bank has designated as at fair value through profit or loss, as well as debt instruments whose cash flows are not solely repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets.

These income items include dividends on these instruments and exclude interest income and expense from financial instruments designated as at fair value through profit or loss and instruments whose cash flows are not only repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets, which are presented in 'interest income' (note 3.a).

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
<b>Trading Book</b>	<b>375</b>	<b>(36)</b>
Interest rate and credit instruments	7	85
Equity financial instruments	79	(178)
Foreign exchange financial instruments	341	49
Loans and repurchase agreements	(52)	8
Other financial instruments	-	-
<b>Financial instruments designated as at fair value through profit or loss</b>	<b>(70)</b>	<b>262</b>
<b>Other financial instruments at fair value through profit and loss</b>	<b>31</b>	<b>(17)</b>
Debt instruments	5	(23)
Equity instruments	26	6
<b>Impact of hedge accounting</b>	<b>(1)</b>	<b>6</b>
Fair value hedging derivatives	947	(932)
Hedged items in fair value hedge	(948)	938
<b>Net gain or loss on financial instruments at fair value through profit or loss</b>	<b>335</b>	<b>215</b>

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

Net gains on the trading book in first halves of 2023 and 2022 include a non-material amount related to the ineffective portion of cash flow hedges.

Potential sources of ineffectiveness can be the differences between hedging instruments and hedged items, notably generated by mismatches in the terms of hedged and hedging instruments, such as the frequency and timing of interest rates resetting, the frequency of payment and the discounting factors, or when hedging derivatives have a non-zero fair value at inception date of the hedging relationship. Credit valuation adjustments applied to hedging derivatives are also sources of ineffectiveness.

Cumulated changes in fair value related to discontinued cash flow hedge relationships, previously recognised in equity and included in the 2023 profit and loss account were not material, whether the hedged item ceased to exist or not.

### 3.d Net gain on financial instruments at fair value through equity

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
<b>Net gain on debt instruments at fair value through equity</b>	<b>9</b>	<b>15</b>
Net gain on debt instruments <sup>(1)</sup>	9	15
<b>Net gain on equity instruments at fair value through equity</b>	<b>6</b>	<b>15</b>
Dividend income on equity instruments	6	15
<b>Net gain or loss on financial instruments at fair value through equity</b>	<b>15</b>	<b>30</b>

<sup>(1)</sup> Interest income from debt instruments is included in 'Net interest income' (Note 3.a), and impairment losses related to potential issuer default are included in 'Cost of risk' (Note 3.g).

Unrealised gains and losses on debt securities previously recorded under 'Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss' and included in the pre-tax income, amount to a net gain of EUR 8 million for the first half of 2023 compared with EUR 26 million for the first half of 2022.

### 3.e Net income from other activities

In millions of euros	First half 2023			First half 2022 restated according to IFRS 17 and 9		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	16	(4)	12	20	(5)	15
Net income from assets held under operating leases	7,475	(5,620)	1,855	6,496	(5,194)	1,302
Other net income	447	(435)	12	359	(332)	27
<b>Total net income from other activities</b>	<b>7,938</b>	<b>(6,059)</b>	<b>1,879</b>	<b>6,875</b>	<b>(5,531)</b>	<b>1,344</b>

### 3.f Operating expenses

In millions of euros	First half 2023	First half 2022 restated according to IFRS 17 and 9
Salary expenses	(1,379)	(1,224)
External services and other operating expenses	(828)	(738)
Taxes and contributions <sup>(1)</sup>	(461)	(500)
<b>Other operating expenses</b>	<b>(2,668)</b>	<b>(2,462)</b>

(1) Contributions to European Single Resolution Fund, including exceptional contributions, amount to EUR ( 92) million for the first half of 2023 (EUR ( 127) million for the first half of 2022)

### 3.g Cost of risk

The BNP Paribas Fortis general model for impairment described in note 1.g.4 used by the Bank relies on the following two steps:

- assessing whether there has been a significant increase in credit risk since initial recognition, and
- measuring impairment allowance as either 12-month expected credit losses or lifetime expected credit loss (i.e. loss expected at maturity).

Both steps rely on forward looking information.

#### Significant increase in credit risk

At 31 December 2022, BNP Paribas revised its criteria for assessing the significant increase in credit risk in line with the recommendations issued by the European Banking Authority and the European Central Bank.

Previously, except for the consumer credit specialist business, the credit risk deterioration was mainly evaluated based on changes in the internal credit rating, an indicator of the average 1-year probability of default through the cycle. In order to fully consider forward looking information, the new criteria use the probability of default to maturity, which is derived from the internal rating, incorporating the expected consequences of changes in macroeconomic scenarios, as the main indicator.

Under these new criteria, credit risk is assumed to have significantly increased, and the asset is classified in stage 2, if the probability of default to maturity of the instrument has increased at least threefold since its origination. This relative variation criterion is supplemented by an absolute variation criterion of the default probability of 400 basis points.

Furthermore, for all portfolios (except for the consumer credit specialist business):

- the facility is assumed to be in stage 1 when its 1-year "Point in Time" probability of default (PiT PD) is below 0.3% at the reporting date, since changes in probability of default due to credit downgrades in this zone are not material, and therefore not considered "significant";
- when the 1-year PiT PD is greater than 20% at the reporting date, given the Group's credit issuance practices, the deterioration is considered significant, and the facility is classified in stage 2 (as long as the facility is not credit-impaired).

In the consumer credit specialist business, the existence of a potentially regularised payment incident during the last 12 months is considered to be an indication of significant increase in credit risk and the facility is therefore classified in stage 2.

The table below shows a comparison between the previous and the new criteria for assessing the significant increase in credit risk:

		Stage 1 presumption	Deterioration from origination leading to transfer to stage 2	Stage 2 presumption
Previous criteria	Retail	One year probability of default* < 0.25%	$\frac{\text{One year probability of default}}{\text{One year probability of default at origination}} > 4$ or Rating downgrade $\geq 6$ notches	One year probability of default > 10%
	Small and Medium Entreprises	Rating $\leq 4-$	Rating downgrade $\geq 6$ notches	Rating $\geq 9+$
	Large Corporates		Rating downgrade $\geq 3$ notches	
New criteria		One year PiT probability of default** < 0.3%	$\frac{\text{Lifetime PiT probability of default}}{\text{Lifetime PiT probability of default at origination}} > 3$ or Variation of lifetime PiT probability of default since origination > 400 bps	One year PiT probability of default > 20%

\* Probability of default through the cycle.

\*\* "Point in Time" (PiT) probability of default including forward looking.

Credit risk is assumed to have increased significantly since initial recognition and the asset is classified in stage 2, in the event of late payment of more than 30 days or restructuring due to financial difficulties (as long as the facility is not credit-impaired).

The total loan and off balance sheet commitments towards Russian and Ukrainian counterparties are very limited and represent a non-significant part of the activities of BNP Paribas Fortis. In the first half of 2022, the internal ratings of the Russian counterparties (including the sovereign rating) were systematically downgraded to take into account recent events, thus leading to the transfer of their outstandings to stage 2. However, given the limited level of exposure to this country, this deterioration had no significant effect on the cost of risk for the period.

## Forward Looking Information

The Bank considers forward-looking information both when assessing significant increase in credit risk and when measuring Expected Credit Losses (ECL).

Regarding the measurement of expected credit losses, the Bank has chosen to use 4 macroeconomic scenarios by geographic area covering a wide range of potential future economic conditions:

- a baseline scenario, consistent with the scenario used for budgeting,
- a favourable scenario, capturing situations where the economy performs better than anticipated;
- an adverse scenario, corresponding to the scenario used for the BNP Paribas Group quarterly stress tests;
- a severely adverse scenario corresponding to a shock of magnitude greater than that of the adverse scenario.

The link between the macroeconomic scenarios and the ECL measurement is mainly achieved through a modelling of the probabilities of default and deformation of migration matrices based on internal rating (or risk parameter). The probabilities of default determined according to these scenarios are used to measure expected credit losses in each of these scenarios.

The Group's setup is broken down by sector to take into account the heterogeneity of sectoral dynamics when assessing the probability of default for corporates.

Forward-looking information is also considered when determining the significant deterioration in credit risk, since the probabilities of default used as the basis for this assessment include forward-looking multi-scenario information in the same way as for the calculation of the ECL.

The weight to be attributed to the expected credit losses calculated in each of the scenarios is defined as 50% for the baseline scenario and:

- the weight of the three alternative scenarios is defined according to the position in the credit cycle. In this approach, the adverse scenario carries more weight in situations at the upper end of the cycle than those at the lower end of the cycle, in anticipation of a potential downturn in the economy.
- the weight of the favourable scenario is at least 10% and at most 40%.
- the total weight of adverse scenarios fluctuates symmetrically to the favourable scenario within the same range from 10% to 40%; the severe component represents 20% of this weight with a minimum weight of 5%.

When appropriate, the ECL measurement can take into account asset sale scenarios.

## Macroeconomic scenarios:

The four macroeconomic scenarios are defined over a three-year projection horizon. They correspond to:

- a baseline scenario which describes the most likely path of the economy over the projection horizon. This scenario is updated on a quarterly basis and is prepared by the Group Economic Research department in collaboration with various experts within the Group, including those of BNP Paribas Fortis. Projections are designed for each key market of the Bank using key macroeconomic variables (Gross Domestic Product - GDP - and its components, unemployment rate, consumer prices, interest rates, foreign exchange rates, oil prices, real estate prices, etc.) which are key drivers for modeling risk parameters used in the stress test process;
- an adverse scenario, which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path than in the baseline scenario. The GDP shock is applied with varying magnitudes, but simultaneously, to the economies under consideration. Generally, these assumptions are broadly consistent with those proposed by the regulators. The calibration of shocks on other variables (e.g. unemployment, consumer prices, interest rates, etc.) is based on models and expert judgment;
- a severely adverse scenario, which is an aggravated version of the adverse scenario;
- a favourable scenario, which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a more favourable economic path. The favourable shock on GDP is deducted from the structural adverse shock on GDP in such a way that the probabilities of the two shocks are equal on average over the cycle. Other variables (e.g. unemployment, inflation, interest rates, etc.) are defined in the same way as in the adverse scenario.

The link between the macroeconomic scenarios and the measurement of the ECL is complemented by an approach allowing to take into account anticipation aspects not captured by the models in the generic approach. This is particularly the case when unprecedented events in the historical chronicle taken into account to build the models occur or are anticipated, or when the nature or amplitude of change in macroeconomic parameter calls into question past correlations. Thus, the situation of high inflation and the current and projected increase in interest rates correspond to aspects not observed in the reference history. In this context, the Group has developed an approach to take into account the future economic outlook when assessing the financial strength of counterparties. This approach consists in simulating the impact of rate hikes on their financial ratios and the effect of decreases in real estate prices for commercial property transactions from the second quarter of 2023.

In addition, post-model adjustments are considered to take into account, where applicable, the consequences of climatic events on expected credit losses.

*Baseline scenario*

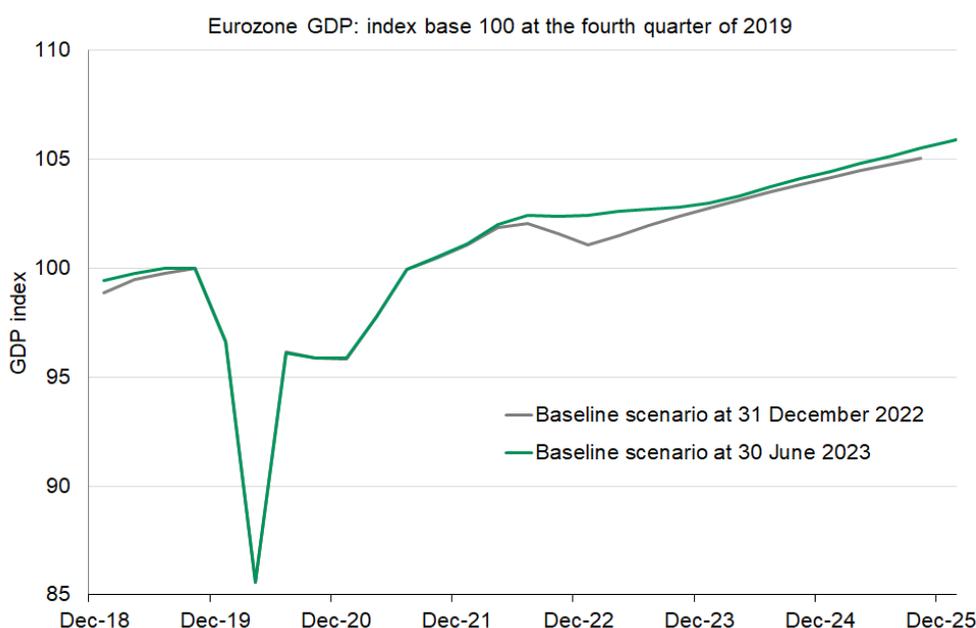
Global activity has slowed down significantly in late 2022 and early 2023, due notably to very high inflation and tighter financial conditions. However, the deterioration in activity has been less pronounced than initially anticipated thanks to several developments. In Europe, the energy crisis was less severe than expected, partly thanks to mild weather conditions in the winter. The reopening of the Chinese economy and the easing of supply chain tensions also had positive implications for global activity. Additionally, consumer demand proved resilient, notably thanks to government's fiscal support and households using their savings.

Short-term activity prospects are still expected to be affected by high inflation and tighter lending conditions. In this context, activity is projected to grow at a moderate pace on average in 2023, in the eurozone (+0.7%) as well as in the United States (+0.9%) (while, at 31 December 2022, GDP was expected to stagnate in both regions). Growth would then strengthen gradually from 2024 onwards, in the presence of less adverse inflation and interest rate developments.

After reaching very high levels in late 2022, inflation has moderated in early 2023, mainly thanks to a marked decline in the contribution from energy prices. This downward trend is expected to continue, on the back of more moderate contributions from energy and food inflation and much reduced supply chain tensions. However, in annual average terms, inflation will remain very high in 2023 in many countries, significantly exceeding central bank targets in most cases (notably in the eurozone and in the United States). Inflation is expected to come down to more usual levels by the end of 2024 in both the eurozone and the United States.

The main central banks (European central bank, US Federal Reserve) continued to tighten monetary policy to fight inflationary pressures in the first half of 2023. However, the end of the tightening cycles seems very close in both the United States and the eurozone. Key short-term and long-term interest rates are therefore expected to peak in 2023, before moderating in 2024 and 2025 (when central banks are expected to lower policy rates in line with more moderate inflation).

The graph below presents a comparison of eurozone GDP projections used in the baseline scenario for the calculation of ECLs at 31 December 2022 and 30 June 2023.



Macroeconomic variables, baseline scenario at 30 June 2023

Annual averages	2022	2023	2024	2025
<b>GDP growth rate</b>				
Eurozone	3.5%	0.7%	0.9%	1.4%
France	2.6%	0.6%	0.9%	1.4%
Italy	3.8%	0.9%	0.9%	1.1%
Belgium	3.1%	0.9%	0.9%	1.3%
United States	2.1%	0.9%	0.6%	1.9%
<b>Unemployment rate</b>				
Eurozone	6.7%	6.8%	7.1%	7.0%
France	7.3%	7.1%	7.4%	7.3%
Italy	8.1%	8.0%	8.2%	8.0%
Belgium	5.6%	6.1%	6.5%	6.5%
United States	3.7%	3.9%	4.7%	4.5%
<b>Inflation rate</b>				
Eurozone	8.4%	5.8%	2.3%	2.0%
France	5.9%	6.1%	2.3%	2.0%
Italy	8.7%	6.3%	2.2%	2.0%
Belgium	10.3%	2.8%	1.7%	1.6%
United States	8.0%	4.1%	2.3%	2.2%
<b>10-year sovereign bond yields</b>				
Germany	1.17%	2.46%	2.29%	2.25%
France	1.71%	3.03%	2.89%	2.85%
Italy	3.05%	4.43%	4.39%	4.35%
Belgium	1.71%	3.06%	2.89%	2.85%
United States	2.95%	3.45%	3.25%	3.25%

*Adverse and severely adverse scenarios*

The adverse and severely adverse scenarios are based on the assumption that certain downside risks will materialise, resulting in much less favourable economic paths than in the baseline scenario.

The following main risks are identified:

- **Geopolitical risks.** Geopolitical strains have increased consistently in recent years and have contributed to a fracturing of the global economy. These developments raise the risks related to commodity prices and supply chain disruptions. The growing use of international sanctions also increases the possible magnitude of consequences. Geopolitical tensions can weigh on the global economy through various channels, including shocks on commodity prices, financial markets, business confidence, supply chains and trade. Such developments are susceptible to lead simultaneously to higher inflation (for some time) and weaker activity, further complicating the tasks of central banks.
- **A higher interest rate impact than assumed.** Due to the peak in inflation, central banks have tightened monetary policy markedly, leading to much higher short-term and long-term interest rates than before. This has already weighed on activity, notably through weaker developments in most interest rate sensitive sectors, in particular the real estate sector. The impact of higher interest rates could yet increase significantly in coming quarters, given the usual delays between the increase in rates and its effect on the economy. In a more unfavourable economic context, tighter financial conditions, combined with weaker activity developments, could lead to weaker trends (than assumed in the baseline scenario) regarding credit, investment spending and residential and commercial real estate prices, and lead to higher default rates.
- **More fragile public finances.** The fact that public debt-to-GDP ratios are high increases risks related to public finances in a high interest rate and weak growth environment. These combined developments could give rise in some countries to market tensions (widening sovereign bond spreads) and affect activity through several channels (higher interest rates, lower government spending, higher taxes).

The adverse and severely adverse scenarios assume the materialisation of these identified latent risks from the third quarter of 2023.

While downside risks are shared by the adverse and the severely adverse scenarios, the impacts are assumed to be markedly higher in the severely adverse scenario, due to both more pronounced direct shocks (e.g. higher commodity prices) and the development of a negative spiral between the key driving factors (e.g. activity, public debt, bond yields, equity markets).

Among the considered countries, GDP levels in the adverse scenario stand between 7.8% and 10.8% lower than in the baseline scenario at the end of the shock period. In particular, this deviation reaches 9% on average in both the eurozone and the United States.

In the severe scenario, GDP levels stand between 11.6% and 15.8% lower than in the baseline scenario at the end of the shock period. This deviation reaches 13.2% in both the eurozone and the United States.

#### Scenario weighting and cost of risk sensitivity:

At 30 June 2023, the weight of the adverse scenario is 11% and 5% for the severe adverse scenario versus 16% of adverse scenario at 31 December 2022. The baseline scenario and the favourable scenario are equal to respectively 50% and 34% during both periods.

The sensitivity of the amount of expected credit losses for all financial assets at amortised cost or at fair value through equity and credit commitments is assessed by comparing the estimated expected credit losses resulting from the weighting of the above scenarios with the estimated expected loss resulting from each of the two alternative scenarios weighted at 100% (and the baseline scenario weighted at 0%):

- an increase in ECL of 33%, or 210.26 million euros according to the adverse scenario (29% as at 31 December 2022);
- a decrease in ECL of (16)%, or (104.80) million euros according to the favorable scenario ((9)% as at 31 December 2022).

#### Adaptation of the ECL assessment process to factor in the specific nature of the health crisis:

Conservative adjustments were taken into account when the models used were based on indicators that show unusual levels in the context of the health crisis and the support programmes, such as the increase in deposits and the decrease in past due events for retail customers and entrepreneurs.

## Cost of credit risk for the period

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
Net allowances to impairment	(77)	(128)
Recoveries on loans and receivables previously written off	14	13
Losses on irrecoverable loans	(25)	(16)
<b>Total cost of risk for the period</b>	<b>(88)</b>	<b>(131)</b>

## Cost of risk for the period by accounting category and asset type

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
Cash and balances at central banks	(2)	(2)
Financial instruments at fair value through profit or loss	2	(3)
Financial assets at fair value through equity	4	4
Financial assets at amortised cost	(142)	(110)
<i>of which loans and receivables</i>	(141)	(109)
<i>of which debt securities</i>	(1)	(1)
Other assets	(2)	(3)
Financing and guarantee commitments and other items	52	(17)
<b>Total cost of risk for the period</b>	<b>(88)</b>	<b>(131)</b>
Cost of risk on unimpaired assets and commitments	25	(104)
<i>of which Stage 1</i>	8	(66)
<i>of which Stage 2</i>	17	(38)
Cost of risk on impaired assets and commitments - Stage 3	(113)	(27)

## Credit risk impairment

Change in impairment by accounting category and asset type during the period

<i>In millions of euros</i>	31 December 2022 restated according to IFRS 17 and 9	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other items	30 June 2023
<b>Assets impairment</b>					
Amounts due from central banks	15	2	-	(5)	12
Financial instruments at fair value through profit or loss	8	-	-	(1)	7
Impairment of financial assets at fair value through equity	19	(4)	-	(1)	14
Financial assets at amortised cost	3,067	133	(106)	199	3,293
<i>of which loans and receivables</i>	3,060	132	(106)	201	3,287
<i>of which debt securities</i>	7	1	-	(2)	6
Other assets	9	2	(1)	-	10
<b>Total impairment of financial assets</b>	<b>3,118</b>	<b>133</b>	<b>(107)</b>	<b>192</b>	<b>3,336</b>
<i>of which Stage 1</i>	356	6	-	32	394
<i>of which Stage 2</i>	477	3	-	11	491
<i>of which Stage 3</i>	2,285	124	(107)	149	2,451
<b>Provisions recognised as liabilities</b>					
Provisions for commitments	242	(55)	-	8	195
Other provisions	29	(1)	-	10	38
<b>Total provisions recognised for credit commitments</b>	<b>271</b>	<b>(56)</b>	<b>-</b>	<b>18</b>	<b>233</b>
<i>of which Stage 1</i>	66	(15)	-	4	55
<i>of which Stage 2</i>	85	(21)	-	5	69
<i>of which Stage 3</i>	120	(20)	-	9	109
<b>Total impairment and provisions</b>	<b>3,389</b>	<b>77</b>	<b>(107)</b>	<b>210</b>	<b>3,569</b>

Change in impairment by accounting category and asset type during the previous period

<i>In millions of euros</i>	31 December 2021	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other items	30 June 2022 restated according to IFRS 17 and 9
<b>Assets impairment</b>					
Amounts due from central banks	12	2	-	(1)	13
Financial instruments at fair value through profit or loss	10	-	-	(3)	7
Impairment of financial assets at fair value through equity	32	(3)	-	2	31
Financial assets at amortised cost	3,048	113	(119)	14	3,056
<i>of which loans and receivables</i>	3,044	111	(119)	14	3,050
<i>of which debt securities</i>	4	2	-	-	6
Other assets	10	(1)	-	-	9
<b>Total impairment of financial assets</b>	<b>3,112</b>	<b>111</b>	<b>(119)</b>	<b>12</b>	<b>3,116</b>
<i>of which Stage 1</i>	268	52	-	(6)	314
<i>of which Stage 2</i>	483	19	-	6	508
<i>of which Stage 3</i>	2,361	40	(119)	12	2,294
<b>Provisions recognised as liabilities</b>					
Provisions for commitments	230	18	-	2	250
Other provisions	29	(1)	-	-	28
<b>Total provisions recognised for credit commitments</b>	<b>259</b>	<b>17</b>	<b>-</b>	<b>2</b>	<b>278</b>
<i>of which Stage 1</i>	44	15	-	-	59
<i>of which Stage 2</i>	66	5	-	1	72
<i>of which Stage 3</i>	149	(3)	-	1	147
<b>Total impairment and provisions</b>	<b>3,371</b>	<b>128</b>	<b>(119)</b>	<b>14</b>	<b>3,394</b>

## Change in impairment of amortised cost financial assets during the period

<i>In millions of euros</i>	Impairment on assets subject to 12-month Expected Credit Losses (Stage 1)	Impairment on assets subject to lifetime Expected Credit Losses (Stage 2)	Impairment on doubtful assets (Stage 3)	Total
At 31 December 2022 restated according to IFRS 17 and 9	338	462	2,267	3,067
<b>Net allowances to impairment</b>	<b>5</b>	<b>5</b>	<b>123</b>	<b>133</b>
Financial assets purchased or originated during the period	75	35	-	110
Financial assets derecognised during the period <sup>(1)</sup>	(23)	(21)	(76)	(120)
Transfer to Stage 2	(25)	172	(25)	122
Transfer to Stage 3	(2)	(53)	208	153
Transfer to Stage 1	19	(73)	(11)	(65)
Other allowances/reversals without stage transfer <sup>(2)</sup>	(39)	(55)	27	(67)
<b>Impairment provisions used</b>	<b>-</b>	<b>-</b>	<b>(106)</b>	<b>(106)</b>
<b>Effect of exchange rate movements and other items</b>	<b>36</b>	<b>12</b>	<b>151</b>	<b>199</b>
<b>At 30 June 2023</b>	<b>379</b>	<b>479</b>	<b>2,435</b>	<b>3,293</b>

(1) Including disposals

(2) Including amortisation

## Change in impairment of amortised cost financial assets during the previous period

<i>In millions of euros</i>	Impairment on assets subject to 12-month Expected Credit Losses (Stage 1)	Impairment on assets subject to lifetime Expected Credit Losses (Stage 2)	Impairment on doubtful assets (Stage 3)	Total
At 31 December 2021	253	455	2,340	3,048
<b>Net allowances to impairment</b>	<b>48</b>	<b>23</b>	<b>42</b>	<b>113</b>
Financial assets purchased or originated during the period	74	54	-	128
Financial assets derecognised during the period <sup>(1)</sup>	(23)	(21)	(145)	(189)
Transfer to Stage 2	(20)	117	(26)	71
Transfer to Stage 3	(1)	(25)	125	99
Transfer to Stage 1	12	(79)	(5)	(72)
Other allowances/reversals without stage transfer <sup>(2)</sup>	6	(23)	93	76
<b>Impairment provisions used</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>(119)</b>
<b>Effect of exchange rate movements and other items</b>	<b>(4)</b>	<b>3</b>	<b>13</b>	<b>12</b>
At 30 June 2022 restated according to IFRS 17 and 9	297	481	2,276	3,054

(1) Including disposals

(2) Including amortisation

### 3.h Net gain on non-current assets

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
Net gain on investments in consolidated undertakings	7	7
Net gain on tangible and intangible assets	7	11
Results from monetary positions	(74)	19
<b>Net gain on non-current assets</b>	<b>(60)</b>	<b>37</b>

According to IAS 29 in connection with the hyperinflation situation of the economy in Turkey, the line "Results from net monetary positions" mainly includes the effect of the evolution of the consumer price index in Turkey on the valuation of non-monetary assets and liabilities (- EUR 203 million) and on accrued income from the Turkish government bonds portfolio indexed to inflation and held by Turk Ekonomi Bankasi AS (+ EUR 129 million, reclassified from interest margin) during the first half 2023 (respectively - EUR 291 million and + EUR 310 million during the first half of 2022).

### 3.i Corporate income tax

<i>In million of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
Net current tax expense	(365)	(474)
Net deferred tax expense	(298)	(138)
<b>Corporate income tax expense</b>	<b>(663)</b>	<b>(612)</b>

## 4. SEGMENT INFORMATION

### 4.a Operating segments

#### Banking activities in Belgium

In Belgium, BNP Paribas Fortis offers a comprehensive package of financial services to private individuals, the self-employed, members of the professions and SMEs. The bank also provides high net worth individuals, corporations and public and financial institutions with customised solutions, for which it is able to draw on the know-how and international network of the mother company, BNP Paribas.

BNP Paribas Fortis has a commercial organisation based around three customer segments: Retail Banking (RB) for personal and self-employed customers, served by a multidisciplinary team, Affluent & Private Banking for personal and self-employed customers with more than 85,000 euros of assets, and Corporate Banking (CB) for business clients with a dedicated relationship manager.

BNP Paribas Fortis has a solid footprint, serving 4 million individuals, professionals, SMEs and private banking customers. It has a very strong presence in the local market, through a network of 319 branches, plus other channels such as ATMs and online banking facilities, including mobile banking. In its RB activities, BNP Paribas Fortis operates under four complementary brands: the main brand BNP Paribas Fortis, plus Fintro, bpost bank/banque and Hello bank!, a 100% digital mobile banking service. In the insurance sector, BNP Paribas Fortis works in close cooperation with the Belgian market leader, AG Insurance.

CB is constituted of the Enterprises business line which serves small and medium-sized businesses, and Corporate Coverage which handles large Belgian and European corporations, financial institutions, institutional investors, public entities and local authorities. CB has a strong client base among large and medium-sized companies and is the market leader in these two categories, as well as a strong challenger in the public sector.

Providing a wide range of both traditional and bespoke specialised solutions and services, and drawing on the international network of the BNP Paribas Group in 64 countries, CB continues to meet the precise financing, transaction banking, investment banking and insurance needs of its clients.

#### Banking activities in Luxembourg

BGL BNP Paribas ranks among the leading banks operating in the Luxembourg financial marketplace. It has made a significant contribution to the country's emergence as a major international financial centre and is deeply rooted in Luxembourg's economic, cultural, sporting and social life.

As one of the largest banks in the Grand Duchy of Luxembourg and a partner with a longstanding commitment to the national economy, BGL BNP Paribas offers a wide range of financial products and bancassurance solutions for its individual, professional, corporate and private banking customers.

#### Banking activities in Turkey

BNP Paribas Fortis operates in Turkey via Türk Ekonomi Bankasi (TEB), in which it has a 48.7% stake. Retail Banking products and services consist of debit and credit cards, personal loans, and investment and insurance products distributed through the TEB branch network and via internet, mobile and phone banking. Corporate banking services include international trade finance, asset and cash management, credit services, currency hedging, interest and commodity risk, plus factoring and leasing. Through its commercial and SME banking departments, the bank offers an array of banking services to small and medium-sized enterprises.

#### Specialised businesses

The operating segment 'Specialised businesses' comprises Arval, Leasing Solutions and Personal Finance (Alpha Crédit).

Fully owned by BNP Paribas Fortis, Arval specialises in full service vehicle leasing. Arval offers its customers – large international corporates, SMEs and professionals – tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Expert advice and service quality, which are the foundations of Arval's customer promise, are delivered in 29 countries.

BNP Paribas Leasing Solutions is a European leader in leasing for corporate and small business clients. It specialises in rental and finance solutions, ranging from professional equipment leasing to fleet outsourcing.

AlphaCrédit – a wholly-owned subsidiary of BNP Paribas Fortis – is the leading provider of consumer credits in Belgium and the Grand Duchy of Luxembourg. AlphaCrédit markets all types of instalment loans (personal loans, car loans, motorbike loans, kitchen loans, etc.), as well as payment cards with a permanent cash reserve (revolving credit). The company offers its services to both private individuals and professionals.

## Other

This segment mainly comprises BNP Paribas Asset Management, AG Insurance, BNP Paribas Bank Polska, Cardif Lux Vie and the foreign branches of BNP Paribas Fortis.

## 4.b Information by operating segment

### Income and expense by operating segment

In millions of euros	First half 2023						First half 2022 restated according to IFRS 17 and 9					
	Banking activities in Belgium	Banking activities in Luxembourg	Banking activities in Turkey	Specialised businesses	Other	Total	Banking activities in Belgium	Banking activities in Luxembourg	Banking activities in Turkey	Specialised businesses	Other	Total
Revenues	2,172	426	472	2,196	2	5,268	2,197	326	439	1,815	2	4,779
Operating expense	(1,623)	(226)	(202)	(794)	(3)	(2,848)	(1,562)	(207)	(189)	(695)	(2)	(2,655)
Cost of risk	5	(3)	5	(93)	(2)	(88)	(35)	9	(19)	(85)	(1)	(131)
<b>Operating Income</b>	<b>554</b>	<b>197</b>	<b>275</b>	<b>1,309</b>	<b>(3)</b>	<b>2,332</b>	<b>600</b>	<b>128</b>	<b>231</b>	<b>1,035</b>	<b>(1)</b>	<b>1,993</b>
Non-operating items	4	-	(43)	(16)	175	120	261	2	(22)	52	147	440
<b>Pre-tax income</b>	<b>558</b>	<b>197</b>	<b>232</b>	<b>1,293</b>	<b>172</b>	<b>2,452</b>	<b>861</b>	<b>130</b>	<b>209</b>	<b>1,087</b>	<b>146</b>	<b>2,433</b>

### Assets and liabilities by operating segment

In millions of euros	30 June 2023						31 December 2022 restated according to IFRS 17 and 9					
	Banking activities in Belgium	Banking activities in Luxembourg	Banking activities in Turkey	Specialised businesses	Other	Total	Banking activities in Belgium	Banking activities in Luxembourg	Banking activities in Turkey	Specialised businesses	Other	Total
<b>Assets</b>	<b>251,930</b>	<b>32,554</b>	<b>13,134</b>	<b>80,868</b>	<b>2,930</b>	<b>381,416</b>	<b>226,806</b>	<b>31,222</b>	<b>14,960</b>	<b>74,755</b>	<b>2,522</b>	<b>350,265</b>
of which investments in associates and Joint ventures	737	97	4	51	1,821	2,710	731	96	5	98	1,550	2,480
<b>Liabilities</b>	<b>237,324</b>	<b>26,540</b>	<b>11,861</b>	<b>74,975</b>	<b>1,096</b>	<b>351,796</b>	<b>210,796</b>	<b>25,156</b>	<b>13,549</b>	<b>68,840</b>	<b>956</b>	<b>319,297</b>

## 5. NOTES TO THE BALANCE SHEET AT 30 JUNE 2023

### 5.a Financial instruments at fair value through profit or loss

#### Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions (including derivatives), of certain liabilities designated by the Bank as at fair value through profit or loss at the time of issuance and of non-trading instruments whose characteristics prevent their accounting at amortised cost or at fair value through equity.

	30 June 2023				31 December 2022 restated according to IFRS 17 and 9			
	Financial instruments held for trading	Financial instruments designated as at fair value through profit and loss	Other financial assets at fair value through profit and loss	Total	Financial instruments held for trading	Financial instruments designated as at fair value through profit and loss	Other financial assets at fair value through profit and loss	Total
<i>In millions of euros</i>								
Securities	448	-	995	1,443	388	-	988	1,376
Loans and repurchase agreements	2,692	-	53	2,745	2,502	-	56	2,558
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>3,140</b>	<b>-</b>	<b>1,048</b>	<b>4,188</b>	<b>2,890</b>	<b>-</b>	<b>1,044</b>	<b>3,934</b>
Securities	738	-		738	603	-		603
Deposits and repurchase agreements	6,686	139		6,825	7,415	147		7,562
Issued debt securities (note 5.g)		2,696		2,696		2,388		2,388
<i>Of which subordinated debt</i>		728		728		675		675
<i>Of which non subordinated debt</i>		1,968		1,968		1,713		1,713
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>7,424</b>	<b>2,835</b>		<b>10,259</b>	<b>8,018</b>	<b>2,535</b>		<b>10,553</b>

Detail of these assets and liabilities is provided in note 5.c.

#### Financial liabilities designated as at fair value through profit or loss

Financial liabilities designated as at fair value through profit or loss mainly consist of issued debt securities, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issued debt securities contain significant embedded derivatives, whose changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 30 June 2023 was EUR 3,124 million (EUR 2,900 million at 31 December 2022).

#### Other financial assets measured at fair value through profit or loss

Other financial assets at fair value through profit or loss are financial assets not held for trading:

- Debt instruments that do not meet the criteria defined by IFRS 9 to be classified as financial instruments at 'fair value through equity' or at 'amortised cost':
  - their business model is not to 'collect contractual cash flows' nor 'collect contractual cash flows and sell the instruments'; and/or
  - their cash flows are not solely repayments of principal and interest on the principal amount outstanding ;

- Equity instruments that the Bank did not choose to classify as at 'fair value through equity'.

## Derivative financial instruments

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas Fortis actively trades in derivatives. Transactions include trades in 'ordinary' instruments such as interest rate swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Bank has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS.

<i>In millions of euros</i>	30 June 2023		31 December 2022 restated according to IFRS 17 and 9	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	4,689	4,878	5,718	5,783
Foreign exchange derivatives	1,718	1,493	2,172	2,102
Credit derivatives	-	9	-	-
Equity derivatives	422	74	491	82
Other derivatives	-	-	-	-
<b>Derivative financial instruments</b>	<b>6,829</b>	<b>6,454</b>	<b>8,381</b>	<b>7,967</b>

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas Fortis' activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

<i>In millions of euros</i>	30 June 2023				31 December 2022 restated according to IFRS 17 and 9			
	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total
Interest rate derivatives	47,740	85,544	218,095	351,379	35,546	57,541	221,567	314,654
Foreign exchange derivatives	539	19	109,986	110,544	207	-	109,637	109,844
Credit derivatives	-	-	250	250	-	-	9	9
Equity derivatives	61	-	854	915	186	-	1,196	1,382
Other derivatives	-	-	-	-	-	-	-	-
<b>Derivative financial instruments</b>	<b>48,340</b>	<b>85,563</b>	<b>329,185</b>	<b>463,088</b>	<b>35,939</b>	<b>57,541</b>	<b>332,409</b>	<b>425,889</b>

## 5.b Financial assets at fair value through equity

In millions of euros	30 June 2023		31 December 2022 restated according to IFRS 17 and 9	
	Fair value	of which changes in value taken directly to equity	Fair value	of which changes in value taken directly to equity
<b>Debt securities</b>	<b>9,234</b>	<b>(64)</b>	<b>5,739</b>	<b>(70)</b>
Governments	2,341	(33)	1,029	(3)
Other public administrations	3,463	3	2,390	(20)
Credit institutions	2,723	(10)	1,653	(18)
Other	707	(24)	667	(29)
<b>Equity securities</b>	<b>128</b>	<b>85</b>	<b>138</b>	<b>91</b>
<b>Total financial assets at fair value through equity</b>	<b>9,362</b>	<b>21</b>	<b>5,877</b>	<b>21</b>

The option to recognise certain equity instruments at fair value through equity was retained in particular for shares held through strategic partnerships and shares that the Bank is required to hold in order to carry out certain activities.

## 5.c Measurement of the fair value of financial instruments

### Valuation process

BNP Paribas Fortis has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value, to which valuation adjustments are made.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market.

Fair value generally equals the economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

### Valuation adjustments

Valuation adjustments retained by BNP Paribas Fortis for determining fair values are as follows:

**Bid/offer adjustments:** the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

BNP Paribas Fortis assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

**Input uncertainty adjustments:** when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

**Model uncertainty adjustments:** these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

**Credit valuation adjustment (CVA):** the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas Fortis may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

**Funding valuation adjustment (FVA):** when valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate.

**Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment - DVA):** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas Fortis, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

As a result, the carrying value of issued debt securities designated as at fair value through profit or loss is increased by EUR (3) million as at 30 June 2023, compared with an increase in value of EUR (6) million as at 31 December 2022, i.e. a EUR 3 million variation recognised directly in equity that will not be reclassified to profit and loss.

## Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (note 1.g.9), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- Securitised exposures are further broken down by collateral type;
- For derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

In millions of euros	30 June 2023											
	Trading Book				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Securities</b>	416	32	-	448	151	47	797	995	8,891	462	9	9,362
Governments	313	-	-	313	-	-	-	-	2,297	17	-	2,314
Asset Backed Securities	-	-	-	-	-	56	-	56	-	351	-	351
Other debt securities	40	32	-	72	-	(13)	141	128	6,475	94	-	6,569
Equities and other equity securities	63	-	-	63	151	4	656	811	119	-	9	128
<b>Loans and repurchase agreements</b>	-	2,603	89	2,692	-	5	48	53	-	-	-	-
Loans	-	-	-	-	-	5	48	53	-	-	-	-
Repurchase agreements	-	2,603	89	2,692	-	-	-	-	-	-	-	-
<b>Financial assets at fair value</b>	<b>416</b>	<b>2,635</b>	<b>89</b>	<b>3,140</b>	<b>151</b>	<b>52</b>	<b>845</b>	<b>1,048</b>	<b>8,891</b>	<b>462</b>	<b>9</b>	<b>9,362</b>
<b>Securities</b>	738	-	-	738	-	-	-	-	-	-	-	-
Governments	738	-	-	738	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Equities and other equity securities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowings and repurchase agreements</b>	-	6,686	-	6,686	-	139	-	139	-	-	-	-
Borrowings	-	13	-	13	-	139	-	139	-	-	-	-
Repurchase agreements	-	6,673	-	6,673	-	-	-	-	-	-	-	-
<b>Issued debt securities (Note 5.g)</b>	-	-	-	-	-	2,014	682	2,696	-	-	-	-
Subordinated debt (Note 5.g)	-	-	-	-	-	728	-	728	-	-	-	-
Non subordinated debt (Note 5.g)	-	-	-	-	-	1,286	682	1,968	-	-	-	-
<b>Financial liabilities at fair value</b>	<b>738</b>	<b>6,686</b>	<b>-</b>	<b>7,424</b>	<b>-</b>	<b>2,153</b>	<b>682</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

In millions of euros	31 December 2022											
	restated according to IFRS 17 and 9											
	Trading Book				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Securities</b>	358	30	-	388	166	99	723	988	5,307	560	10	5,877
Governments	102	-	-	102	-	-	-	-	980	11	-	991
Asset Backed Securities	-	-	-	-	-	71	-	71	-	394	-	394
Other debt securities	150	30	-	180	-	24	140	164	4,199	155	-	4,354
Equities and other equity securities	106	-	-	106	166	4	583	753	128	-	10	138
<b>Loans and repurchase agreements</b>	-	2,403	99	2,502	-	5	51	56	-	-	-	-
Loans	-	-	-	-	-	5	51	56	-	-	-	-
Repurchase agreements	-	2,403	99	2,502	-	-	-	-	-	-	-	-
<b>Financial assets at fair value</b>	<b>358</b>	<b>2,433</b>	<b>99</b>	<b>2,890</b>	<b>166</b>	<b>104</b>	<b>774</b>	<b>1,044</b>	<b>5,307</b>	<b>560</b>	<b>10</b>	<b>5,877</b>
<b>Securities</b>	603	-	-	603	-	-	-	-	-	-	-	-
Governments	603	-	-	603	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Equities and other equity securities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowings and repurchase agreements</b>	-	7,415	-	7,415	-	147	-	147	-	-	-	-
Borrowings	-	13	-	13	-	147	-	147	-	-	-	-
Repurchase agreements	-	7,402	-	7,402	-	-	-	-	-	-	-	-
<b>Issued debt securities (Note 5.g)</b>	-	-	-	-	-	1,711	677	2,388	-	-	-	-
Subordinated debt (Note 5.g)	-	-	-	-	-	675	-	675	-	-	-	-
Non subordinated debt (Note 5.g)	-	-	-	-	-	1,036	677	1,713	-	-	-	-
<b>Financial liabilities at fair value</b>	<b>603</b>	<b>7,415</b>	<b>-</b>	<b>8,018</b>	<b>-</b>	<b>1,858</b>	<b>677</b>	<b>2,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

In millions of euros	30 June 2023							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	-	4,523	166	4,689	140	4,624	114	4,878
Foreign exchange derivatives	-	1,718	-	1,718	-	1,487	6	1,493
Credit derivatives	-	-	-	-	-	9	-	9
Equity derivatives	-	422	-	422	-	74	-	74
Other derivatives	-	-	-	-	-	-	-	-
<b>Derivative financial instruments not used for hedging purposes</b>	<b>-</b>	<b>6,663</b>	<b>166</b>	<b>6,829</b>	<b>140</b>	<b>6,194</b>	<b>120</b>	<b>6,454</b>
<b>Derivative financial instruments used for hedging purposes</b>	<b>-</b>	<b>6,582</b>	<b>-</b>	<b>6,582</b>	<b>-</b>	<b>9,003</b>	<b>-</b>	<b>9,003</b>

In millions of euros	31 December 2022							
	restated according to IFRS 17 and 9							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	1	5,556	161	5,718	162	5,512	109	5,783
Foreign exchange derivatives	-	2,171	1	2,172	-	2,094	8	2,102
Credit derivatives	-	-	-	-	-	-	-	-
Equity derivatives	-	491	-	491	-	82	-	82
Other derivatives	-	-	-	-	-	-	-	-
Derivative financial instruments not used for hedging purposes	1	8,218	162	8,381	162	7,688	117	7,967
Derivative financial instruments used for hedging purposes	-	6,499	-	6,499	-	9,692	-	9,692

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the beginning of the reporting period.

During 2023, transfers between Level 1 and Level 2 were not significant.

## Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.

For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

### Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, short selling of these instruments, derivative instruments traded on organised markets (futures, options...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

### Level 2

*The Level 2 stock of securities* is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, may also be used where relevant.

*Repurchase agreements* are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral and the maturity of the repo transaction.

*Debts issued* designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

*Derivatives* classified in Level 2 comprise mainly the following instruments:

- Vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/commodities forwards and options;
- Structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;

- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- Fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an 'observability zone' whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

## Level 3

**Level 3 securities** of the trading book mainly comprise units of funds and unlisted equity shares measured at fair value through profit or loss or through equity.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value which are classified in the Level 1 of the fair value hierarchy. The valuation of the unlisted level 3 private equity funds is based on the most recent available GP NAV report.

Shares and other unlisted variable income securities in Level 3 are valued using one of the following methods: a share of revalued net book value, multiples of comparable companies, future cash flows method, multi-criteria approach.

**Repurchase agreements: mainly long-term or structured repurchase agreements on corporate bonds and ABSs.** The valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

**Debts Issued** designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

### Derivatives

**Vanilla derivatives** are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- **Interest rate derivatives:** exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques;
- **Credit derivatives (CDS):** exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium;
- **Equity derivatives:** exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

Similarly, long-term transactions on equity baskets are also classified in Level 3, based on the absence of equity correlation observability on long maturities.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

**Structured derivatives** classified in Level 3 predominantly comprise structured derivatives of which hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures are described below, with insight into the related valuation techniques and on the source of uncertainty:

- **Structured interest rate options** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term structured derivatives are also classified in Level 3;
- **Hybrid FX/Interest rate products** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC) when there is material valuation uncertainty. When valuation of PRDCs requires sophisticated modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/ interest rate correlations, such products are classified as level 3. PRDCs valuations are corroborated with recent trade data and consensus data;
- **Securitisation swaps** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data;
- **Forward volatility options** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data;
- **Inflation derivatives** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration;
- The valuation of **bespoke CDOs** requires correlation of default events when there is material valuation uncertainty. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling;
- **N to Default baskets** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable;
- **Equity and equity-hybrid correlation products** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices or foreign exchange rates. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These structured derivatives are subject to specific valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

#### **Valuation adjustments (CVA, DVA and FVA)**

The valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant and justifies classifying these transactions in Level 3.

The table below provides the range of values of main unobservable inputs for the valuation of Level 3 financial instruments. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas Fortis. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

The main unobservable parameters used for the valuation of debt issued in Level 3 are equivalent to these of their economic hedge derivative. Information on those derivatives, displayed in the following table, is also applicable to these debts.

Risk classes	Balance Sheet valuation (In millions of euros)		Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
	Asset	Liability					
Interest rate derivatives	166	114	Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and Belgian inflation	Inflation pricing model	Volatility of cumulative inflation	1.5% to 11.8%	(a)
					Volatility of the year on year inflation rate	0.5% to 2.9%	
			Forward volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.5% to 1.0%	(a)

(a) No weighting since no explicit sensitivity is attributed to these inputs

## Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 31 December 2022 and 30 June 2023:

	Financial assets				Financial liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss not held for trading	Financial assets at fair value through equity	Total	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss not held for trading	Total
<i>In millions of euros</i>							
<b>At 31 December 2022 restated according to IFRS 17 and 9</b>	<b>261</b>	<b>774</b>	<b>10</b>	<b>1,045</b>	<b>117</b>	<b>677</b>	<b>794</b>
Purchases	-	60	-	60	-	-	-
Issues	-	-	-	-	-	7	7
Sales	-	(24)	-	(24)	-	-	-
Settlements <sup>(1)</sup>	(12)	(1)	(1)	(14)	-	(13)	(13)
Transfers to Level 3	-	-	-	-	-	-	-
Transfers from Level 3	-	-	-	-	-	-	-
Gains or (losses) recognised in profit or loss with respect to transactions expired or terminated during the period	-	38	-	38	-	-	-
Gains or (losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	6	-	-	6	3	11	14
Changes in fair value of assets and liabilities recognised directly in equity	-	-	-	-	-	-	-
- Items related to exchange rate movements	-	(2)	(1)	(3)	-	-	-
- Changes in assets and liabilities recognised in equity	-	-	1	1	-	-	-
<b>At 30 June 2023</b>	<b>255</b>	<b>845</b>	<b>9</b>	<b>1,109</b>	<b>120</b>	<b>682</b>	<b>802</b>

<sup>(1)</sup> For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, and of market parameters related to repurchase agreements and credit transactions but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the beginning of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

## Sensitivity of fair value to reasonably possible changes in Level 3 assumptions

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas Fortis either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty adjustments related to Level 3.

Regarding the credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard 'Prudent Valuation' published by the European Banking Authority. For other valuation adjustments, two scenarios were considered: a favourable scenario where all or portion of the valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require twice the amount of valuation adjustments considered by BNP Paribas Fortis for entering into a transaction.

<i>In millions of euros</i>	30 June 2023		31 December 2022 restated according to IFRS 17 and 9	
	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Fixed-income securities	+/-1	+/-0	+/-1	+/-0
Equities and other equity securities	+/-7	+/-0	+/-6	+/-0
Loans and repurchase agreements	+/-1		+/-2	
Derivative financial instruments	+/-5		+/-6	
<i>Interest rate and foreign exchange derivatives</i>	+/-5		+/-6	
<i>Credit derivatives</i>	+/-0		+/-0	
<i>Equity derivatives</i>	+/-0		+/-0	
<i>Other derivatives</i>	+/-0		+/-0	
<b>Sensitivity of Level 3 financial instruments</b>	<b>+/-14</b>	<b>+/-0</b>	<b>+/-15</b>	<b>+/-0</b>

## Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable in active markets

Deferred margin on financial instruments ('Day One Profit') primarily concerns the scope of financial instruments eligible for Level 3 and to a lesser extent some financial instruments eligible for Level 2 where valuation adjustments for uncertainties regarding parameters or models are important compared to the initial margin.

The day one profit is calculated after setting aside valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable.

The deferred margin not taken to the profit and loss account but contained in the price of the derivatives sold to clients and measured using internal models based on non-observable parameters. The 'Day one profit' is less than EUR 1 million.

## 5.d Financial assets at amortised cost

### Detail of loans and advances by nature

In millions of euros	30 June 2023			31 December 2022 restated according to IFRS 17 and 9		
	Gross value	Impairment (note 3.g)	Carrying amount	Gross value	Impairment (note 3.g)	Carrying amount
<b>Loans and advances to credit institutions</b>	<b>23,195</b>	<b>(67)</b>	<b>23,128</b>	<b>11,288</b>	<b>(68)</b>	<b>11,220</b>
On demand accounts	4,073	(1)	4,072	5,794	-	5,794
Loans <sup>(1)</sup>	2,735	(66)	2,669	2,629	(68)	2,561
Repurchase agreements	16,387	-	16,387	2,865	-	2,865
<b>Loans and advances to customers</b>	<b>223,669</b>	<b>(3,220)</b>	<b>220,449</b>	<b>219,777</b>	<b>(2,992)</b>	<b>216,785</b>
On demand accounts	4,578	(584)	3,994	4,224	(540)	3,684
Loans to customers	196,689	(2,111)	194,578	194,351	(1,954)	192,397
Finance leases	22,402	(525)	21,877	21,202	(498)	20,704
Repurchase agreements	-	-	-	-	-	-
<b>Total loans and advances at amortised cost</b>	<b>246,864</b>	<b>(3,287)</b>	<b>243,577</b>	<b>231,065</b>	<b>(3,060)</b>	<b>228,005</b>

(1) Loans and advances to credit institutions include term deposits made with central banks, which amounted to EUR 269 million as at 30 June 2023 (EUR 65 million as at 31 December 2022)

### Detail of debt securities by type of issuer

In millions of euros	30 June 2023			31 December 2022 restated according to IFRS 17 and 9		
	Gross value	Impairment (note 3.g)	Carrying amount	Gross value	Impairment (note 3.g)	Carrying amount
Governments	8,157	(5)	8,152	9,351	(6)	9,345
Other public administrations	1,579	-	1,579	2,212	-	2,212
Credit institutions	722	-	722	1,117	-	1,117
Other	372	(1)	371	478	(1)	477
<b>Total debt securities at amortised cost</b>	<b>10,830</b>	<b>(6)</b>	<b>10,824</b>	<b>13,158</b>	<b>(7)</b>	<b>13,151</b>

## Detail of financial assets at amortised cost by stage

<i>In millions of euros</i>	30 June 2023			31 December 2022 restated according to IFRS 17 and 9		
	Gross value	Impairment (note 3.g)	Carrying amount	Gross value	Impairment (note 3.g)	Carrying amount
<b>Loans and advances to credit institutions</b>	<b>23,195</b>	<b>(67)</b>	<b>23,128</b>	<b>11,288</b>	<b>(68)</b>	<b>11,220</b>
Stage 1	23,096	(3)	23,093	11,177	(2)	11,175
Stage 2	31	-	31	42	(1)	41
Stage 3	68	(64)	4	69	(65)	4
<b>Loans and advances to customers</b>	<b>223,669</b>	<b>(3,220)</b>	<b>220,449</b>	<b>219,777</b>	<b>(2,992)</b>	<b>216,785</b>
Stage 1	197,748	(371)	197,377	193,193	(330)	192,863
Stage 2	21,195	(478)	20,717	22,317	(461)	21,856
Stage 3	4,726	(2,371)	2,355	4,267	(2,201)	2,066
<b>Debt securities</b>	<b>10,830</b>	<b>(6)</b>	<b>10,824</b>	<b>13,158</b>	<b>(7)</b>	<b>13,151</b>
Stage 1	10,780	(5)	10,775	13,155	(7)	13,148
Stage 2	50	(1)	49	3	-	3
Stage 3	-	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	<b>257,694</b>	<b>(3,293)</b>	<b>254,401</b>	<b>244,223</b>	<b>(3,067)</b>	<b>241,156</b>

## 5.e Impaired financial assets (Stage 3)

The following tables present the carrying amounts of impaired financial assets carried at amortised cost and of impaired financing and guarantee commitments, as well as related collateral and other guarantees.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

<i>In millions of euros</i>	30 June 2023				Collateral received
	Stage 3 assets				
	Gross value	Impairment	Net		
Loans and advances to credit institutions (note 5.d)	68	(64)	4	-	
Loans and advances to customers (note 5.d)	4,726	(2,371)	2,355	1,761	
Debt securities at amortised cost (note 5.d)	-	-	-	-	
<b>Total amortised cost impaired assets (Stage 3)</b>	<b>4,794</b>	<b>(2,435)</b>	<b>2,359</b>	<b>1,761</b>	
Financing commitments given	383	(17)	366	66	
Guarantee commitments given	176	(55)	121	66	
<b>Total off-balance sheet impaired commitments (Stage 3)</b>	<b>559</b>	<b>(72)</b>	<b>487</b>	<b>132</b>	

<i>In millions of euros</i>	31 December 2022 restated according to IFRS 17 and 9			
	Stage 3 assets			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions (note 5.d)	69	(65)	4	-
Loans and advances to customers (note 5.d)	4,267	(2,201)	2,066	1,589
Debt securities at amortised cost (note 5.d)	-	-	-	-
<b>Total amortised cost impaired assets (Stage 3)</b>	<b>4,336</b>	<b>(2,266)</b>	<b>2,070</b>	<b>1,589</b>
Financing commitments given	108	(25)	83	29
Guarantee commitments given	199	(66)	133	71
<b>Total off-balance sheet impaired commitments (Stage 3)</b>	<b>307</b>	<b>(91)</b>	<b>216</b>	<b>100</b>

<i>In millions of euros</i>	First half 2023	First half 2022 restated according to IFRS 17 and 9
Gross value Impaired financial assets (Stage 3)		
Opening balance	4,336	4,365
Transfer to Stage 3	1,056	566
Transfer to Stage 1 or Stage 2	(223)	(220)
Amounts Written offs	(112)	(130)
Other changes	(263)	(258)
<b>Closing balance</b>	<b>4,794</b>	<b>4,323</b>

## 5.f Financial liabilities at amortised cost due to credit institutions and customers

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
<b>Deposits from credit institutions</b>	<b>77,163</b>	<b>46,295</b>
On demand accounts	1,906	1,702
Interbank borrowings <sup>(1)</sup>	36,185	43,021
Repurchase agreements	39,072	1,572
<b>Deposits from customers</b>	<b>212,561</b>	<b>212,692</b>
On demand deposits	86,825	94,358
Savings accounts	87,150	88,837
Term accounts and short-term notes	38,338	29,443
Repurchase agreements	248	54

<sup>(1)</sup> Interbank borrowings from credit institutions include term deposits from central banks, of which EUR 4.8 billion of TLTRO III at 30 June 2023 (EUR 17.8 billion at 31 December 2022).

## 5.g Debt securities and subordinated debt

This note covers all debt securities and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

## Debt securities measured at amortised cost

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Negotiable certificates of deposit and other debt securities	9,609	9,950
Bond issues	9,521	6,302
<b>Total debt securities at amortised cost</b>	<b>19,130</b>	<b>16,252</b>

## Debt securities and subordinated debt at fair value through profit and loss

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Debt securities	1,968	1,713
Subordinated debt	728	675
<b>Total debt securities and subordinated debt at fair value through profit or loss</b>	<b>2,696</b>	<b>2,388</b>

## Subordinated debt measured at amortised cost

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Redeemable subordinated debt	2,284	2,283
Undated subordinated debt	-	-
<b>Total subordinated debt measured at amortised cost</b>	<b>2,284</b>	<b>2,283</b>

The subordinated debt designated at fair value through profit or loss mainly consists of Convertible And Subordinated Hybrid Equity linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007.

The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.

Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.

Since the 1st of January 2022, the subordinated liability is no longer eligible to prudential own funds.

The outstanding nominal amount of the CASHES is EUR 831.5 million as of 30 June 2023 and as of 31 December 2022 respectively.

## 5.h Current and deferred taxes

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Current taxes	111	121
Deferred taxes	933	1,119
<b>Current and deferred tax assets</b>	<b>1,044</b>	<b>1,240</b>
Current taxes	279	301
Deferred taxes	910	782
<b>Current and deferred tax liabilities</b>	<b>1,189</b>	<b>1,083</b>

## 5.i Accrued income/expense and other assets/liabilities

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Guarantee deposits and bank guarantees paid	3,920	4,436
Collection accounts	67	74
Accrued income and prepaid expenses	1,277	1,147
Other debtors and miscellaneous assets	6,890	5,756
<b>Total accrued income and other assets</b>	<b>12,154</b>	<b>11,413</b>
Guarantee deposits received	2,062	2,262
Collection accounts	704	567
Accrued expense and deferred income	2,123	2,158
Lease liabilities	269	291
Other creditors and miscellaneous liabilities	6,819	6,095
<b>Total accrued expense and other liabilities</b>	<b>11,977</b>	<b>11,373</b>

## 5.j Goodwill

<i>In millions of euros</i>	30 June 2023
<b>Carrying amount at start of period</b>	<b>848</b>
Acquisitions	26
Divestments	-
Impairment recognised during the period	-
Exchange rate adjustments	6
Other movements	(1)
<b>Carrying amount at end of period</b>	<b>879</b>
Gross value	1,015
Accumulated impairment recognised at the end of period	(136)

Goodwill by homogeneous group of businesses is as follows:

	Carrying amount		Impairment recognised during the period	Acquisitions of the period
	30 June 2023	31 December 2022 restated according to IFRS 17 and 9	First half 2023	First half 2023
<i>In millions of euros</i>				
<b>BNP Paribas Fortis in Belgium</b>	56	56	-	-
Alpha Credit	22	22	-	-
Axepta	28	28	-	-
Factoring	6	6	-	-
<b>BNP Paribas Fortis in Luxembourg</b>	182	184	-	-
BNP Paribas Leasing Solutions	144	146	-	-
Wealth Management Luxembourg	38	38	-	-
<b>BNP Paribas Fortis in other countries</b>	641	608	-	26
Arval	641	608	-	26
<b>Total goodwill</b>	<b>879</b>	<b>848</b>	<b>-</b>	<b>26</b>
Negative goodwill				
<b>Change in value of goodwill recognised in the profit and loss account</b>				

## 5.k Provisions for contingencies and charges

	31 December 2022 restated according to IFRS 17 and 9	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	30 June 2023
<i>In millions of euros</i>						
Provisions for employee benefits	3,009	64	(106)	(59)	(19)	2,889
Provisions for home savings accounts and plans	-	-	-	-	-	-
Provisions for credit commitments ( <b>Note 3.g</b> )	283	-	-	-	(35)	248
Provisions for litigation	35	25	(4)	-	(1)	55
Other provisions for contingencies and charges	455	41	(55)	-	1	442
<b>Total provisions for contingencies and charges</b>	<b>3,782</b>	<b>130</b>	<b>(165)</b>	<b>(59)</b>	<b>(54)</b>	<b>3,634</b>

## 5.1 Offsetting of financial assets and liabilities

The following tables present the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7 aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

'Amounts set off on the balance sheet' have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when and only when, BNP Paribas Fortis has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amounts offset derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The 'Impacts of Master Netting Agreements and similar agreements' are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

'Financial instruments given or received as collateral' include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding Master Netting Agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in 'Accrued income or expenses' and 'Other assets or liabilities'.

In millions of euros, at 30 June 2023	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
<b>Assets</b>						
Financial instruments at fair value through profit or loss	19,036	(1,437)	17,599	(12,936)	(774)	3,889
<i>Securities</i>	1,443	-	1,443	-	-	1,443
<i>Loans and repurchase agreements</i>	4,182	(1,437)	2,745	(2,460)	(217)	68
<i>Derivative financial instruments (including derivatives used for hedging purposes)</i>	13,411	-	13,411	(10,476)	(557)	2,378
Financial assets at amortised cost	254,444	(43)	254,401	(14,687)	(1,662)	238,052
<i>of which repurchase agreements</i>	16,430	(43)	16,387	(14,687)	(1,662)	38
Accrued income and other assets	12,154	-	12,154	-	(555)	11,599
<i>of which guarantee deposits paid</i>	3,920	-	3,920	-	(555)	3,365
Other assets not subject to offsetting	97,262	-	97,262	-	-	97,262
<b>TOTAL ASSETS</b>	<b>382,896</b>	<b>(1,480)</b>	<b>381,416</b>	<b>(27,623)</b>	<b>(2,991)</b>	<b>350,802</b>

In millions of euros, at 30 June 2023	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
<b>Liabilities</b>						
Financial instruments at fair value through profit or loss	27,153	(1,437)	25,716	(13,012)	(4,416)	8,288
<i>Securities</i>	738	-	738	-	-	738
<i>Deposits and repurchase agreements</i>	8,262	(1,437)	6,825	(2,536)	(3,902)	387
<i>Issued debt securities</i>	2,696	-	2,696	-	-	2,696
<i>Derivative financial instruments (including derivatives used for hedging purposes)</i>	15,457	-	15,457	(10,476)	(514)	4,467
Financial liabilities at amortised cost	289,767	(43)	289,724	(14,611)	(24,628)	250,485
<i>of which repurchase agreements</i>	39,364	(43)	39,321	(14,611)	(24,628)	82
Accrued expense and other liabilities	11,977	-	11,977	-	(851)	11,126
<i>of which guarantee deposits received</i>	2,062	-	2,062	-	(851)	1,211
Other liabilities not subject to offsetting	24,379	-	24,379	-	-	24,379
<b>TOTAL LIABILITIES</b>	<b>353,276</b>	<b>(1,480)</b>	<b>351,796</b>	<b>(27,623)</b>	<b>(29,895)</b>	<b>294,278</b>

In millions of euros, at 31 December 2022 restated according to IFRS 17 and 9	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
<b>Assets</b>						
Financial instruments at fair value through profit or loss	19,962	(1,148)	18,814	(11,337)	(1,767)	5,710
<i>Securities</i>	1,376	-	1,376	-	-	1,376
<i>Loans and repurchase agreements</i>	3,706	(1,148)	2,558	(865)	(1,010)	683
<i>Derivative financial instruments (including derivatives used for hedging purposes)</i>	14,880	-	14,880	(10,472)	(757)	3,651
Financial assets at amortised cost	241,156	-	241,156	(968)	(1,131)	239,057
<i>of which repurchase agreements</i>	2,865	-	2,865	(968)	(1,131)	766
Accrued income and other assets	11,413	-	11,413	-	(896)	10,517
<i>of which guarantee deposits paid</i>	4,437	-	4,437	-	(896)	3,541
Other assets not subject to offsetting	78,882	-	78,882	-	-	78,882
<b>TOTAL ASSETS</b>	<b>351,413</b>	<b>(1,148)</b>	<b>350,265</b>	<b>(12,305)</b>	<b>(3,794)</b>	<b>334,166</b>

In millions of euros, at 31 December 2022 restated according to IFRS 17 and 9	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
<b>Liabilities</b>						
Financial instruments at fair value through profit or loss	29,360	(1,148)	28,212	(11,981)	(5,384)	10,847
<i>Securities</i>	603	-	603	-	-	603
<i>Deposits and repurchase agreements</i>	8,710	(1,148)	7,562	(1,509)	(4,773)	1,280
<i>Issued debt securities</i>	2,388	-	2,388	-	-	2,388
<i>Derivative financial instruments (including derivatives used for hedging purposes)</i>	17,659	-	17,659	(10,472)	(611)	6,576
Financial liabilities at amortised cost	258,987	-	258,987	(324)	(1,026)	257,637
<i>of which repurchase agreements</i>	1,626	-	1,626	(324)	(1,026)	276
Accrued expense and other liabilities	11,373	-	11,373	-	(793)	10,580
<i>of which guarantee deposits received</i>	2,262	-	2,262	-	(793)	1,469
Other liabilities not subject to offsetting	20,725	-	20,725	-	-	20,725
<b>TOTAL LIABILITIES</b>	<b>320,445</b>	<b>(1,148)</b>	<b>319,297</b>	<b>(12,305)</b>	<b>(7,203)</b>	<b>299,789</b>

## 6. COMMITMENTS GIVEN OR RECEIVED

### 6.a Financing commitments given or received

Contractual value of financing commitments given and received by BNP Paribas Fortis:

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
<b>Financing commitments given</b>		
- to credit institutions	185	231
- to customers	56,640	52,726
<i>Confirmed financing commitments</i>	45,222	41,107
<i>Other commitments given to customers</i>	11,418	11,619
<b>Total financing commitments given</b>	<b>56 825</b>	<b>52 957</b>
<i>of which Stage 1</i>	53,071	48,328
<i>of which Stage 2</i>	3,371	4,521
<i>of which Stage 3</i>	383	108
<b>Financing commitments received</b>		
- from credit institutions	7,196	6,537
- from customers	370	199
<b>Total financing commitments received</b>	<b>7 566</b>	<b>6 736</b>

### 6.b Guarantee commitments given by signature

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
<b>Guarantee commitments given</b>		
- to credit institutions	2,395	2,488
- to customers	15,462	15,685
<i>Property guarantees</i>	-	-
<i>Sureties provided to tax and other authorities, other sureties</i>	12,058	12,334
<i>Other guarantees</i>	3,404	3,351
<b>Total guarantee commitments given</b>	<b>17,857</b>	<b>18,173</b>
<i>of which Stage 1</i>	15,485	15,647
<i>of which Stage 2</i>	2,196	2,327
<i>of which Stage 3</i>	176	199

## 6.c Securities commitments

In connexion with the settlement date accounting for securities, commitments representing securities to be delivered or securities to be received are the following:

<i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
Securities to be delivered	236	409
Securities to be received	310	460

## 7. ADDITIONAL INFORMATION

### 7.a Contingent liabilities: legal proceedings and arbitration

BNP Paribas Fortis (and its consolidated subsidiaries) is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of its banking business, including inter alia in connection with its activities as lender, employer, investor and taxpayer.

BNP Paribas Fortis makes provisions for such matters when, in the opinion of its management and after consulting its legal advisors, it is probable that a payment will have to be made by BNP Paribas Fortis and when the amount can be reasonably estimated.

With respect to certain other claims and legal proceedings against BNP Paribas Fortis (and its consolidated subsidiaries) of which management is aware (and for which, according to the principles outlined above, no provision has been made), the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, such proceedings are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the BNP Paribas Fortis Consolidated Financial Statements.

Like many other companies in the banking, investment, mutual funds and brokerage sectors, BNP Paribas Fortis (and its consolidated subsidiaries) has received or may receive requests for information from supervisory, governmental or self-regulatory agencies. BNP Paribas Fortis responds to such requests, cooperates with the relevant regulators and other parties and helps to address any issues they might raise.

After the acquisition and merger of ABN AMRO Bank (Luxembourg) S.A. in H2 2018, BNP Paribas Fortis' subsidiary BGL BNP Paribas S.A. integrated ABN AMRO Bank (Luxembourg) S.A.'s custodian operations. In the context of these operations, a fund, for which ABN AMRO Bank (Luxembourg) S.A. acted as custodian between 19 April 2012 and 31 March 2015, issued BGL BNP Paribas with a court summons. At this stage, no provision has been set aside with respect to this case, but BGL BNP Paribas has decided to protect its interests by exercising the liability guarantee agreed as part of the acquisition. Moreover, BGL BNP Paribas has decided to wind up these operations and has terminated custodian agreements together with the associated banking relationships. Two legal cases have been brought against BGL BNP Paribas following these measures.

## 7.b Business combinations and loss of control or significant influence

### Operations realised in 2023

#### **Creation Financial Services Limited and Creation Consumer Finance Ltd (Personal Finance activity in the UK)**

Acquisition by Alphacredit of 100% of the shares of Creation Financial Services Limited (Personal Finance activity in the UK) from BNPP Personal Finance.

This operation increased the Bank's balance sheet by EUR 3.5 billion at acquisition date, in particular EUR 3.3 billion in financial assets at amortised cost.

#### **TEB Finansman AS**

Purchase of 100% of the shares of TEB Finansman AS by TEB AS from TEB Holding (14.24%) and BNPP Personal Finance (85.58%).

This operation increased the Bank's balance sheet by EUR 0.2 billion at acquisition date, in particular in financial assets at amortised cost.

#### **Arval Relsa**

Acquisition of the residual 50% of the shares of Arval Relsa and its subsidiaries Rentaequipos Leasing SA, Comercializadora de Vehiculos SA, Rentaequipos Leasing Peru SA and Arval Relsa Colombia by Arval Service Lease SA.

BNP Paribas Fortis took exclusive control of Arval Relsa and its subsidiaries and fully consolidated them from the first quarter of 2023.

The Bank's balance sheet increased by EUR 0.5 billion at acquisition date, in particular in tangible assets by EUR 0.3 billion and in financial assets at amortised cost by EUR 0.1 billion.

The goodwill related to this operation was EUR 25.9 million.

### Operations realised in 2022

#### **bpost bank SA/NV**

On 3 of January 2022, BNP Paribas Fortis purchased the residual 50% stake in bpost bank.

The Bank took therefore exclusive control of this entity and fully consolidated it from the first quarter of 2022.

Consequently, this operation increased the Bank's balance sheet by EUR 12 billion at acquisition date, in particular EUR 11 billion in financial assets at amortised cost and led to the recognition of a badwill of EUR 245 million in the profit and loss account.

#### **Terberg Leasing Group BV**

On 30 November 2022, Arval Service Lease purchased 100% of Terberg Leasing Group BV, a full-service vehicle leasing entity active mainly in the Netherlands and with a limited presence in Belgium.

BNP Paribas Fortis took exclusive control of these entities and fully consolidated them from the last quarter of 2022.

The Bank's balance sheet increased by EUR 1 billion at acquisition date, in particular in tangible assets.

The goodwill related to this operation was EUR 96 million.

## 7.c Minority interests

<i>In millions of euros</i>	Capital and retained earnings	Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	Minority interests
<b>Capital and retained earnings at 31 December 2021</b>	<b>6,224</b>	<b>52</b>	<b>(971)</b>	<b>5,305</b>
Impacts of IAS 29 1 <sup>st</sup> application in Türkiye	(24)	-	99	75
Impacts of the transition to IFRS 17 (note 2)	(16)	-	17	1
Impacts of the transition to IFRS 9 (note 2)	24	-	(26)	(2)
<b>Capital and retained earnings at 1 January 2022</b>	<b>6,208</b>	<b>52</b>	<b>(881)</b>	<b>5,379</b>
Other movements	(60)	-	-	(60)
Dividends	(150)	-	-	(150)
Changes in assets and liabilities recognised directly in equity	-	11	121	132
<b>Net income for the first half of 2022 restated according to IFRS 17 and 9</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>211</b>
<b>Capital and retained earnings at 30 June 2022 restated according to IFRS 17 and 9</b>	<b>6,209</b>	<b>63</b>	<b>-760</b>	<b>5,512</b>
Other movements	(87)	(1)	-	(88)
Dividends	-	-	-	-
Changes in assets and liabilities recognised directly in equity	-	(15)	12	(3)
<b>Net income for the second half of 2022 restated according to IFRS 17 and 9</b>	<b>251</b>	<b>-</b>	<b>-</b>	<b>251</b>
<b>Capital and retained earnings at 31 December 2022 restated according to IFRS 17 and 9</b>	<b>6,373</b>	<b>47</b>	<b>(748)</b>	<b>5,672</b>
Other movements	(72)	-	-	(72)
Acquisitions	12	-	-	12
Dividends	(228)	-	-	(228)
Changes in assets and liabilities recognised directly in equity	-	(4)	(57)	(61)
<b>Net income for the first half of 2023</b>	<b>259</b>	<b>-</b>	<b>-</b>	<b>259</b>
<b>Capital and retained earnings at 30 June 2023</b>	<b>6,344</b>	<b>43</b>	<b>(805)</b>	<b>5,582</b>

## Main minority interests

The assessment of the material nature of minority interests is based on the contribution of the subsidiaries to the BNP Paribas Fortis' balance sheet (before elimination of intra-group transactions) and to the BNP Paribas Fortis' result.

	30 June 2023	First half 2023						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
<i>In millions of euros</i>								
Contribution of the entities belonging to the BGL BNP Paribas Group	63,118	912	299	327	50%	192	205	197
Other minority interests						67	(7)	31
<b>TOTAL</b>						<b>259</b>	<b>198</b>	<b>228</b>

	31 December 2022 restated according to IFRS 17 and 9	First half 2022 restated according to IFRS 17 and 9						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests	Dividends paid to minority shareholders
<i>In millions of euros</i>								
Contribution of the entities belonging to the BGL BNP Paribas Group	61,851	818	237	146	50%	157	120	129
Other minority interests						54	321	21
<b>TOTAL</b>						<b>211</b>	<b>433</b>	<b>150</b>

## Internal restructuring that led to a change in minority shareholders' interest in the equity of subsidiaries

No significant internal restructuring operation occurred during 2023, nor during 2022.

## Commitments to repurchase minority shareholders' interests

In connection with the acquisition of certain entities, BNP Paribas Fortis granted minority shareholders put options on their holdings.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 147 million at 30 June 2023, compared with EUR 135 million at 31 December 2022.

## 7.d Other related parties

Other related parties of the BNP Paribas Fortis comprise:

- BNP Paribas (and all its subsidiaries) which has control over BNP Paribas Fortis;
- consolidated companies of BNP Paribas Fortis (including entities consolidated under the equity method);
- and entities managing post-employment benefit plans offered to BNP Paribas Fortis' employees.

Transactions between BNP Paribas Fortis and related parties are carried out on an arm's length basis.

### Relations between consolidated companies

A list of companies consolidated by BNP Paribas Fortis is provided in note 7.h 'Scope of consolidation'. Transactions and outstanding balances between fully-consolidated entities of BNP Paribas Fortis are eliminated.

Tables below show transactions carried out with entities consolidated under the equity method and entities of the BNP Paribas Group.

### Outstanding balances of related party transactions

In millions of euros	30 June 2023			31 December 2022 restated according to IFRS 17 and 9		
	Entities of the BNP Paribas Group	Joint ventures	Associates <sup>(1)</sup>	Entities of the BNP Paribas Group	Joint ventures	Associates <sup>(1)</sup>
<b>ASSETS</b>						
Demand accounts	2,703	-	156	4,913	-	42
Loans	15,905	60	269	4,483	68	669
Securities	44	-	141	51	-	140
Other assets	524	-	78	316	-	62
<b>Total assets</b>	<b>19,176</b>	<b>60</b>	<b>644</b>	<b>9,763</b>	<b>68</b>	<b>913</b>
<b>LIABILITIES</b>						
Demand accounts	880	113	248	720	115	229
Other borrowings	42,999	-	657	25,914	-	811
Other liabilities	950	-	28	736	-	26
<b>Total liabilities</b>	<b>44,829</b>	<b>113</b>	<b>933</b>	<b>27,370</b>	<b>115</b>	<b>1,066</b>
<b>FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS</b>						
Financing commitments given	51	19	61	31	24	61
Guarantee commitments given	5,488	7	62	5,611	7	89
<b>Total</b>	<b>5,539</b>	<b>26</b>	<b>123</b>	<b>5,642</b>	<b>31</b>	<b>150</b>

<sup>(1)</sup> Including controlled but non material entities consolidated under the equity method.

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards,...) and financial instruments (equities, bonds,...).

## Related-party profit and loss items

In millions of euros	First half 2023			First half 2022 restated according to IFRS 17 and 9		
	Entities of the BNP Paribas Group	Joint ventures	Associates <sup>(1)</sup>	Entities of the BNP Paribas Group	Joint ventures	Associates <sup>(1)</sup>
Interest income	691	3	11	135	3	2
Interest expense	(1,047)	(1)	(14)	(256)	-	-
Commission income	82	-	289	87	-	164
Commission expense	(64)	-	(11)	(65)	-	(2)
Services provided	42	-	25	40	-	21
Services received	(178)	-	(46)	(126)	-	(32)
Lease income	23	-	5	18	-	6
<b>Total</b>	<b>(451)</b>	<b>2</b>	<b>259</b>	<b>(167)</b>	<b>3</b>	<b>159</b>

<sup>(1)</sup> Including controlled but non material entities consolidated under the equity method

## BNP Paribas Fortis entities managing certain post-employment benefit plans offered to employees

BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which BNP Paribas Fortis has a 25% equity interest.

## 7.e Events after the reporting period

There have been no material events since the balance sheet date that would require adjustments to the Consolidated Financial Statements as at 30 June 2023.

## 7.f Fair value of financial instruments carried at amortised cost

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- these fair values are an estimate of the value of the relevant instruments as of 30 June 2023. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas Fortis as a going concern;
- most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- the fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of BNP Paribas Fortis.

30 June 2023 <i>In millions of euros</i>	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>FINANCIAL ASSETS</b>					
Loans and advances to credit institutions and customers <sup>(1)</sup>	-	28,070	186,631	214,701	221,700
Debt securities at amortised cost (note 5.d)	9,677	307	129	10,113	10,824
<b>FINANCIAL LIABILITIES</b>					
Deposits from credit institutions and customers	-	289,949	-	289,949	289,724
Debt securities (note 5.g)	-	18,840	-	18,840	19,130
Subordinated debt (note 5.g)	-	2,288	-	2,288	2,284

31 December 2022 restated according to IFRS 17 and 9 <i>In millions of euros</i>	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>FINANCIAL ASSETS</b>					
Loans and advances to credit institutions and customers <sup>(1)</sup>	-	14,835	184,127	198,962	207,301
Debt securities at amortised cost (note 5.d)	11,878	637	1	12,516	13,151
<b>FINANCIAL LIABILITIES</b>					
Deposits from credit institutions and customers	-	259,194	-	259,194	258,987
Debt securities (note 5.g)	-	16,170	-	16,170	16,252
Subordinated debt (note 5.g)	-	2,284	-	2,284	2,283

<sup>(1)</sup> Finance leases excluded

The valuation techniques and assumptions used by BNP Paribas Fortis ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Bank. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and debt securities at amortised cost, or specific valuation models for other financial instruments as described in note 1 'Summary of significant accounting policies applied by BNP Paribas Fortis'. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.g.9). In the case of loans, liabilities and debt securities at amortised cost that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to the carrying amount. These instruments have been classified in Level 2, except for loans to customers which are classified in Level 3.

## 7.g Sovereign risks

Sovereign risk is the risk of a State defaulting on its debt, i.e. a temporary or prolonged interruption of debt servicing (interest and/or principal). The Bank is thus exposed to credit, counterparty or market risk according to the accounting category of the financial asset issued by the Sovereign State.

Exposure to sovereign debt mainly consists of bonds.

The Bank holds sovereign bonds as part of its liquidity management process. Liquidity management is based amongst others on holding bonds which are eligible as collateral for refinancing by central banks; a substantial share of this 'liquidity buffer' consists of highly rated debt securities issued by governments, supra-national authorities and agencies, representing a low level of risk. A part of this same portfolio has interest rate characteristics that contribute to the banking book interest rate risk hedging strategies.

BNP Paribas Fortis' sovereign bond portfolio is shown in the table below. Figures in this table are reported under the prudential scope.

Banking book <i>In millions of euros</i>	30 June 2023	31 December 2022 restated according to IFRS 17 and 9
<b>Eurozone</b>		
Belgium	6,857	6,119
Italy	560	599
Spain	518	522
Luxembourg	435	335
Austria	276	-
France	76	147
Germany	50	-
Finland	44	64
The Netherlands	10	10
Cyprus	2	-
<b>Total eurozone</b>	<b>8,828</b>	<b>7,796</b>
<b>Other countries in European Economic Area (EEA)</b>		
Czech Republic	39	37
Others	1	1
<b>Total other EEA</b>	<b>40</b>	<b>38</b>
<b>Other countries</b>		
Turkey	1,436	2,438
Others	20	31
<b>Total other countries</b>	<b>1,456</b>	<b>2,469</b>
<b>TOTAL</b>	<b>10,324</b>	<b>10,303</b>

## 7.h Scope of consolidation

Name	Country	30 June 2023				31 December 2022 restated according to IFRS 17 and 9			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
<b>Consolidating company</b>									
<b>BNP Paribas Fortis</b>	<b>Belgium</b>								
<b>Belgium</b>									
AG Insurance	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	
Alpha Crédit SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
Arval Belgium NV SA	Belgium	Full 2	100.0%	99.9%		Full 2	100.0%	99.9%	
Axepta BNPP Benelux	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
Bancontact Payconiq Company	Belgium	Equity	22.5%	22.5%		Equity	22.5%	22.5%	
Banking Funding Company SA	Belgium								S1
Batopin	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	
Belgian Mobile ID	Belgium	Equity	12.2%	12.2%		Equity	12.2%	12.2%	
BNP Paribas 3 Step IT (Belgium Branch)	Belgium	Full	100.0%	12.8%		Full	100.0%	12.8%	
BNP Paribas Fortis Factor NV SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
BNP Paribas Fortis Private Equity Belgium NV	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
BNP Paribas Fortis Private Equity Expansion	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
BNP Paribas Fortis Private Equity Management	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
BNP Paribas Lease Group Belgium	Belgium	Full	100.0%	25.0%		Full	100.0%	25.0%	
BNPP Fortis Film Finance	Belgium	Full	99.9%	99.9%		Full	99.9%	99.9%	
bpost bank	Belgium	Full	100.0%	100.0%		Full	100.0%	100.0%	V1 D2
CNH Industrial Capital Europe Belgium Branch	Belgium	Full	100.0%	12.5%		Full	100.0%	12.5%	
Credissimo	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
Credissimo Hainaut SA	Belgium	Full	99.7%	99.7%		Full	99.7%	99.7%	
Crédit pour Habitations Sociales	Belgium	Full	81.7%	81.7%		Full	81.7%	81.7%	
Demetris NV	Belgium	Full	99.9%	99.9%		Full	99.9%	99.9%	E1
Eos Aremas Belgium S.A./N.V.	Belgium	Equity	49.9%	49.9%		Equity	49.9%	49.9%	
Es-Finance	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
Fortis Lease Belgium	Belgium	Full	100.0%	25.0%		Full	100.0%	25.0%	
FScholen	Belgium	Equity 1	50.0%	50.0%		Equity 1	50.0%	50.0%	
Immobilière Sauvenière S.A.	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
Private Equity Investments (a)	BE/FR/LU	FV				FV			
Isabel SA NV	Belgium	Equity	25.3%	25.3%		Equity	25.3%	25.3%	
Locadif	Belgium	Full 2	100.0%	99.9%		Full 2	100.0%	99.9%	
Microstart	Belgium	Full	42.3%	76.8%		Full	42.3%	76.8%	
Sowo Invest SA NV	Belgium	Full	87.5%	87.5%		Full	87.5%	87.5%	
Terberg Leasing Justlease Belgium BV	Belgium	Full 2	99.9%	100.0%		Full 2	99.9%	100.0%	E3
<b>Belgium - Special Purpose Entities</b>									
Bass Master Issuer NV	Belgium	Full				Full			
Esmée Master Issuer	Belgium	Full				Full			
FL Zeebrugge	Belgium	Full				Full			

**Belgium - Structured entities**

Epimede	Belgium	Equity				Equity			
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**Luxembourg**

Arval Luxembourg SA	Luxembourg	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
BGL BNP Paribas	Luxembourg	Full		50.0%	50.0%	Full		50.0%	50.0%
BNP Paribas Fortis Funding S.A.	Luxembourg	Full		100.0%	99.9%	Full		100.0%	99.9%
BNP Paribas Lease Group Luxembourg S.A.	Luxembourg	Full		100.0%	50.0%	Full		100.0%	50.0%
BNP Paribas Leasing Solutions	Luxembourg	Full		50.0%	25.0%	Full		50.0%	25.0%
Cardif Lux Vie	Luxembourg	Equity		33.3%	16.7%	Equity		33.3%	16.7%
Cofhylux S.A.	Luxembourg	Full		100.0%	50.0%	Full		100.0%	50.0%
Luxhub SA	Luxembourg	Equity		28.0%	14.0%	Equity		28.0%	14.0%
Visalux	Luxembourg	Equity		25.3%	12.6%	Equity		25.3%	12.6%

**Rest of the world**

Aprolis Finance	France	Full		51.0%	12.8%	Full		51.0%	12.8%
Artegy	France	Full		100.0%	25.0%	Full		100.0%	25.0%
Artel	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval AB	Sweden	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval AS	Denmark	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval AS Norway	Norway	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Austria GmbH	Austria	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Brasil LTDA	Brazil	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval BV	The Netherlands	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval CZ SRO	Czech Republic	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Deutschland GmbH	Germany	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Fleet Services	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Hellas Car Rental SA	Greece	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval LLC	Russia	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Magyarorszag KFT	Hungary	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Maroc SA	Morocco	Full	2	66.7%	66.7%	Full	2	66.7%	66.7%
Arval Oy	Finland	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Relsa SPA	Chile	Full	2	100.0%	99.9%	V1 Equity		50.0%	49.9%
Arval Relsa Colombia SAS	Colombia	Full	2	100.0%	99.9%	V1 Equity		50.0%	49.9%
Arval Schweiz AG	Switzerland	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease Italia SPA	Italy	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease Polska SP ZOO	Poland	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease Romania SRL	Romania	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Service Lease SA	Spain	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Slovakia SRO	Slovakia	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval Trading	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval UK Group Ltd	United Kingdom	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval UK Leasing Services Ltd	United Kingdom	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Arval UK Ltd	United Kingdom	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Bantas Nakit AS	Türkiye	Equity	1	33.3%	16.7%	Equity	1	33.3%	16.7%
BGL BNP Paribas S.A. (Germany Branch)	Germany	Full		100.0%	50.0%	Full		100.0%	50.0%
BNL Leasing SPA	Italy	Equity		26.2%	6.5%	Equity		26.2%	6.5%
BNP Paribas 3 STEP IT	France	Full		51.0%	12.8%	Full		51.0%	12.8%
BNP Paribas 3 Step IT (Germany Branch)	Germany	Full		100.0%	12.8%	Full		100.0%	12.8%
BNP Paribas 3 Step IT (Italy Branch)	Italy	Full		100.0%	12.8%	Full		100.0%	12.8%
BNP Paribas 3 Step IT (Netherlands Branch)	The Netherlands	Full		100.0%	12.8%	Full		100.0%	12.8%
BNP Paribas 3 Step IT (Spain Branch)	Spain	Full		100.0%	12.8%	E2			
BNP Paribas3 Step It (United kingdom Branch)	United Kingdom	Full		100.0%	12.8%	Full		100.0%	12.8%

BNP Paribas Commercial Finance Limited	United Kingdom	Full	100.0%	99.9%	Full	100.0%	99.9%		
BNP Paribas Factor AS	Denmark	Full	100.0%	99.9%	Full	100.0%	99.9%		
BNP Paribas Factor Gmbh	Germany	Full	100.0%	99.9%	Full	100.0%	99.9%		
BNP Paribas Finansal Kiralama A.S.	Türkiye	Full	100.0%	26.1%	Full	100.0%	26.1%		
BNP Paribas Fortis (Spain branch)	Spain	Full	100.0%	100.0%	Full	100.0%	100.0%		
BNP Paribas Fortis (U.S.A branch)	United States	Full	100.0%	100.0%	Full	100.0%	100.0%		
BNP Paribas Fortis Yatirimlar Holding AS	Türkiye	Full	100.0%	100.0%	Full	100.0%	100.0%		
BNP Paribas Lease Group	France	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Leasing Solutions IFN S.A.	Romania	Full	99.9%	24.9%	Full	99.9%	24.9%		
BNP Paribas Lease Group Leasing Solutions Italy S.P.A.		Equity	26.2%	6.5%	Equity	26.2%	6.5%		
BNP Paribas Lease Group Milan Branch	Italy	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Lease Group PLC	United Kingdom	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Lease Group (Germany Branch)	Germany	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Lease Group Sa (Portugal Branch)	Portugal	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Lease Group Sa (Spain Branch)	Spain	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Lease Group Sp. Z.O.O	Poland	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Leasing Solutions Ltd.	United Kingdom	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Leasing Solutions A.S	Denmark	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Leasing Solutions N.V.	The Netherlands	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNP Paribas Leasing Solutions Suisse SA	Switzerland	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNPP Asset Management Holding	France	Equity	33.3%	30.9%	Equity	33.3%	30.9%		
BNPP Bank Polska SA	Poland	Equity	24.1%	24.1%	Equity	24.1%	24.1%		
BNPP Factoring Support	The Netherlands	Full	100.0%	99.9%	Full	100.0%	99.9%		
BNPP Fleet Holdings Ltd	United Kingdom	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
BNPP Leasing Solution AS	Norway	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNPP Leasing Solutions AB	Sweden	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNPP Leasing Solutions GmbH (Ex - All In One Vermietung GmbH)	Austria	Full	100.0%	25.0%	Full	100.0%	25.0%		
BNPP Rental Solutions Ltd	United Kingdom				S3	Full	100.0%	25.0%	
BNPP Rental Solutions SPA	Italy	Full	100.0%	25.0%	Full	100.0%	25.0%		
Claas Financial Services	France	Full	51.0%	12.8%	Full	51.0%	12.8%		
Claas Financial Services (Germany Branch)	Germany	Full	100.0%	12.8%	Full	100.0%	12.8%		
Claas Financial Services (Italy Branch)	Italy	Full	100.0%	12.8%	Full	100.0%	12.8%		
Claas Financial Services Ltd	United Kingdom	Full	51.0%	12.8%	Full	51.0%	12.8%		
Claas Financial Services (Poland Branch).	Poland	Full	100.0%	12.8%	Full	100.0%	12.8%		
Claas Financial Services (Spain Branch)	Spain	Full	100.0%	12.8%	Full	100.0%	12.8%		
Cent ASL	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
CNH Industrial Capital Europe Gmbh	Austria	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe	France	Full	50.1%	12.5%	Full	50.1%	12.5%		
CNH Industrial Capital Europe BV	The Netherlands	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe (Italy Branch)	Italy	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe Ltd	United Kingdom	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe (Poland Branch)	Poland	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe (Germany Branch)	Germany	Full	100.0%	12.5%	Full	100.0%	12.5%		
CNH Industrial Capital Europe (Spain Branch)	Spain	Full	100.0%	12.5%	Full	100.0%	12.5%		
Cofiparc	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Comercializadora de Vehiculos SA	Chile	Full	2	100.0%	99.9%	V1	Equity	50.0%	49.9%
Creation Consumer Finance Ltd	United Kingdom	Full	100.0%	99.9%	E3				
Creation Financial Services Ltd	United Kingdom	Full	100.0%	99.9%	E3				
FCT Pulse France 2022	France	Full	2	100.0%	99.9%	Full	2	100.0%	99.9%
Fortis Lease	France	Full		100.0%	25.0%	Full		100.0%	25.0%

Fortis Lease Deutschland GmbH	Germany				S3	Full	100.0%	25.0%
Fortis Lease Iberia SA	Spain	Full		100.0%	41.0%	Full	100.0%	41.0%
Fortis Lease Portugal	Portugal	Full		100.0%	25.0%	Full	100.0%	25.0%
Fortis Lease Uk Ltd	United Kingdom	Full		100.0%	25.0%	Full	100.0%	25.0%
Fortis Vastgoedlease B.V.	The Netherlands	Full		100.0%	25.0%	Full	100.0%	25.0%
Greenval Insurance DAC	Ireland	Full	2	100.0%	99.9%	Full	2	100.0%
Heffiq Heftruck Verhuur BV	The Netherlands	Full		50.1%	12.5%	Full		50.1%
JCB Finance	France	Full		100.0%	12.5%	Full		100.0%
JCB Finance Holdings Ltd	United Kingdom	Full		50.1%	12.5%	Full		50.1%
JCB Finance (Italy Branch)	Italy	Full		100.0%	12.5%	Full		100.0%
JCB Finance (Germany Branch)	Germany	Full		100.0%	12.5%	Full		100.0%
Louveo	France	Full	2	100.0%	99.9%	Full	2	100.0%
Manitou Finance Ltd.	United Kingdom	Full		51.0%	12.8%	Full		51.0%
MGF	France	Full		51.0%	12.8%	Full		51.0%
MGF (Germany Branch)	Germany	Full		100.0%	12.8%	Full		100.0%
MGF (Italy Branch)	Italy	Full		100.0%	12.8%	Full		100.0%
Personal Car Lease BV	The Netherlands	Full	2	100.0%	99.9%	Full	2	100.0%
Public Location Longue Durée	France	Full	2	100.0%	99.9%	Full	2	100.0%
Rentaequipos Leasing SA	Chile	Full	2	100.0%	99.9%	V1	Equity	50.0%
Rentaequipos Leasing Peru SA	Peru	Full	2	100.0%	99.9%	V1	Equity	50.0%
Same Deutz Fahr Finance	France	Full		100.0%	25.0%	Full		100.0%
TEB Arval Arac Filo Kiralama A.S.	Türkiye	Full	2	100.0%	74.9%	Full	2	100.0%
TEB ARF Teknoloji Anonim Sirketi	Türkiye	Full		100.0%	48.7%	Full		100.0%
TEB Faktoring A.S.	Türkiye	Full		100.0%	48.7%	Full		100.0%
TEB Finansman AS	Türkiye	Full		100.0%	48.7%	E3		
TEB Holding A.S.	Türkiye	Full		50.0%	49.9%	Full		50.0%
TEB Sh A	Serbia	Full		100.0%	49.9%	Full		100.0%
TEB Yatirim Menkul Degerler A.S.	Türkiye	Full		100.0%	48.7%	Full		100.0%
Terberg Business Lease Group BV	The Netherlands	Full	2	100.0%	99.9%	Full	2	100.0%
Turk Ekonomi Bankasi A.S.	Türkiye	Full		76.2%	48.7%	Full		76.2%

#### Rest of the World - Special Purpose Entities

Folea Grundstücksverwaltungs und Vermietungs GmbH & Co	Germany							S1
Pixel 2021	France	Full				Full		E2

(a) At 30 June 2023 and 31 December 2022 respectively, 14 Private Equity Investments

#### New entries (E) in the scope of consolidation

- E1 Passing qualifying thresholds
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

#### Removals (S) from the scope of consolidation

- S1 Cessation of activity (including dissolution, liquidation)
- S2 Disposal, loss of control or loss of significant influence
- S3 Entities removed from the scope because < qualifying thresholds
- S4 Merger, Universal transfer of assets and liabilities

#### Variance (V) in voting or ownership interest

- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

#### Miscellaneous

- D1 Consolidation method change not related to fluctuation in voting or ownership interest
- D2 Bpost bank was consolidated under equity method in BNP Paribas Fortis until 31 December 2021. Following the additional purchase of interest by BNP Paribas Fortis, bpost bank was fully consolidated.

#### Prudential scope of consolidation

- 1 Jointly controlled entities under proportional consolidation in the prudential scope.
- 2 Entities consolidated under the equity method in the prudential scope.

Full - Full consolidation

Equity - Equity Method

FV - Investment in associates measured at Fair Value through P&L

# **REPORT OF THE ACCREDITED STATUTORY AUDITOR**

## Report on the review of the consolidated interim financial statements of BNP Paribas Fortis SA/NV for the six-month period ended 30 June 2023

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial statements. These consolidated interim financial statements comprise the profit and loss account for the first half of 2023, the statement of net income and change in assets and liabilities recognised directly in equity, the balance sheet at 30 June 2023, the cash flow statement for the first half of 2023 and the statement of changes in shareholder's equity between 1 January 2022 and 30 June 2023, as well as selective notes 1 to 7.

### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial statements of BNP Paribas Fortis SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The balance sheet shows total assets of 381 416 million EUR and the profit and loss account for the first half of 2023 shows a consolidated profit (group share) for the period then ended of 1 530 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

### Scope of review

We conducted our review of the consolidated interim financial statements in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of BNP Paribas Fortis SA/NV have not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Signed at Zaventem.

## The statutory auditor

**Digitally signed by**  
Yves Dehogne      Signed By: Yves Dehogne (Signature)  
                                 Signing Time: 01-sep-2023 | 11:41 CEST

 **DocuSign**      C: BE  
                                 Issuer: Citizen CA

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**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL**

Represented by Yves Dehogne

# Deloitte.

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