

Pillar 3 Disclosure

30 September 2022



BNP PARIBAS
South Africa Branch

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INTRODUCTION

PILLAR 3

The purpose of Pillar 3 - market discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) with a set of disclosures completing the usual financial disclosures. It is designed to allow market participants to evaluate key items of information such as scope of application, capital, exposure to different types of risk, risk assessment procedures, and, consequently, capital adequacy with respect to the institution's risk profile.

In accordance with South African Reserve Bank ("SARB") Banks Act 94 of 1990 ("Banks Act") Regulation 43 *Public Disclosure* and Directive 1 of 2019 *Matters related to Pillar 3 disclosure requirement framework*, as well as the BCBS standard which have been applied. BNP Paribas S.A. has defined a prudential scope to monitor capital adequacy ratios calculated on the solo basis of the branch.

BNP PARIBAS S.A., SOUTH AFRICA BRANCH
(Registration number: 2011/100541/10)

INCORPORATION AND ACTIVITIES

BNP Paribas S.A., South Africa Branch (the "Branch") is a branch of BNP Paribas S.A. (the "Bank" or the "Head Office") incorporated and domiciled in France. The Bank's registered office is 16, Boulevard Des Italiens, 75009 Paris, France. The Bank has operations in over 68 countries and employs over 193,000 people. The Bank has its primary listing on the Paris stock exchange.

The Branch is licensed by the South African Reserve Bank ("SARB") to carry out banking activities and was registered on 01 June 2012, and has been an authorised dealer in foreign exchange since 01 July 2013.

The Branch started operations on 02 January 2013 once it received its endowment capital from Head Office.

The Branch carries out a full range of treasury, capital markets and corporate banking activities and has significant dealings with the Head Office and other offices of the Bank in the ordinary course of business.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITY, APPROVAL AND BASIS OF PREPARATION OF PILLAR 3 DISCLOSURES

The Executive Committee is responsible for the maintenance of adequate accounting records and integrity of the annual financial statements and disclosure requirements as per Regulation 43 of the Bank regulations.

In preparation of the annual financial statements and disclosures, suitable accounting policies have been applied and reasonable estimates have been made by management, where full and responsible disclosures have been prepared in line with the BNP Paribas S.A., South Africa Branch's (the "Branch") philosophy on corporate governance.

The Pillar 3 disclosure document has been prepared and presented using the South African Rand in R 'Millions (ZAR'000) as at 30 September 2022

KEY METRICS

The below table summarises BNP Paribas South Africa branch RWA and capital requirements under each type of relevant Pillar 1 risk.

Template KM1: Key metrics

Quarterly

		a	a	b	c	d
		Term	Term 1	Term 2	Term 3	Term 4
		Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
1a	Fully loaded ECL accounting model CET1	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
2	Tier 1	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
2a	Fully loaded ECL accounting model Tier 1	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
3	Total capital	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
3a	Fully loaded ECL accounting model total capital	4,332,188	4,332,055	4,331,381	4,331,789	4,330,723
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	19,176,913	19,340,491	20,066,334	17,770,026	17,775,164
4a	Total risk-weighted assets (pre-floor)	19,176,913	19,340,491	20,066,334	17,770,026	17,775,164
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	22.59%	22.40%	22.40%	21.59%	24.38%
5a	Fully loaded ECL accounting model CET1 (%)	22.59%	22.40%	22.40%	21.59%	24.38%
5b	CET1 ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
6	Tier 1 ratio (%)	22.59%	22.40%	22.40%	21.59%	24.38%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	22.59%	22.40%	22.40%	21.59%	24.38%
6b	Tier 1 ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
7	Total capital ratio (%)	22.59%	22.40%	22.40%	21.59%	24.38%
7a	Fully loaded ECL accounting model total capital ratio (%)	22.59%	22.40%	22.40%	21.59%	24.38%
7b	Total capital ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	22.59%	22.40%	21.59%	24.38%	24.36%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	30,983,208	30,865,467	32,127,808	25,729,337	28,840,772
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	13.98%	14.04%	13.48%	16.84%	15.02%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	13.98%	14.04%	13.48%	16.84%	15.02%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	13.98%	14.04%	13.48%	16.84%	15.02%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	13.98%	14.04%	13.48%	16.84%	15.02%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	13.98%	14.04%	13.48%	16.84%	15.02%
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	2,686,392	2,524,767	2,455,765	2,064,929	2,539,463
16	Total net cash outflow	1,473,722	1,491,615	2,133,927	915,622	1,826,868
17	LCR ratio (%)	182.29%	169.26%	115.08%	225.52%	139.01%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	8,810,141	9,236,663	10,510,852	6,704,624	9,247,155
19	Total required stable funding	6,557,697	7,351,739	7,608,412	6,231,847	6,779,977
20	NSFR ratio	134.35%	125.64%	138.15%	107.59%	136.39%

Template OV1: Overview of RWA

Quarterly

		a	b	c
		RWA		Minimum capital requirements
		Term	Term 1	Term
		Sep-22	Jun-22	Sep-22
1	Credit risk (excluding counterparty credit risk)	11,168,301	11,382,991	1,396,038
2	Of which: standardised approach (SA)	11,168,301	11,382,991	1,396,038
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	2,524,592	2,334,699	315,574
7	Of which: standardised approach for counterparty credit risk	2,524,592	2,334,699	315,574
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	4,380,353	4,532,953	547,544
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	-	-	-
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	3,168	33,146	396
21	Of which: standardised approach (SA)	3,168	33,146	396
22	Of which: internal model approach (IMA)	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	966,612	966,612	120,827
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	133,887	90,091	16,736
26	Output floor applied	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	19,176,913	19,340,492	2,397,114

CREDIT VALUATION ADJUSTMENTS (SA-CVA):

Template CVA4: RWA flow statements of CVA risk exposures under SA-CVA

Quarterly

		a
		Sep-22
1	Total RWA for CVA at previous quarter-end	4,532,953
2	Total RWA for CVA at end of reporting period	4,380,353

LEVERAGE RATIO:

Template LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

Quarterly

		a
		Sep-22
1	Total consolidated assets as per published financial statements	19,245,155
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(4,675,845)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	11,236,909
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,176,989
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	-
13	Leverage ratio exposure measure	30,983,208

Template LR2: Leverage ratio common disclosure template

Quarterly

		a	b
		Term	Term 1
		Sep-22	Jun-22
On- balance sheet exposures			
1	On- balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	19,245,155	19,503,639
2	Gross- up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(4,674,920)	(3,721,215)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on- balance sheet exposures that are deducted from Tier 1 capital)	(925)	(1,057)
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	-	-
7	Total on- balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	14,569,310	15,781,367
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	7,361,486	5,759,744
9	Add- on amounts for potential future exposure associated with <i>all</i> derivatives transactions	3,875,423	4,144,387
10	(Exempted central counterparty (CCP) leg of client- cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add- on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	11,236,909	9,904,131
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
Other off- balance sheet exposures			
19	Off- balance sheet exposure at gross notional amount	5,176,989	5,179,969
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off- balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off- balance sheet items (sum of rows 19 to 21)	5,176,989	5,179,969
Capital and total exposures			
23	Tier 1 capital	4,332,188	4,332,055
24	Total exposures (sum of rows 7, 13, 18 and 22)	30,983,208	30,865,467
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	13.98%	14.04%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	0.00%	0.00%
26	National minimum leverage ratio requirement	4.00%	4.00%
27	Applicable leverage buffers	0.00%	0.00%

Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

LIQUIDITY COVERAGE RATIO (LCR)

Template LIQ1: Liquidity Coverage Ratio (LCR)

Quarterly

		a	b
		Total unweighted value	Total weighted value
		(average)	(average)
High-quality liquid assets			
1	Total HQLA		2,686,392
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	-	-
3	Stable deposits	-	-
4	Less stable deposits	-	-
5	Unsecured wholesale funding, of which:	9,600,667	3,962,273
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	9,600,667	3,962,273
8	Unsecured debt	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:	494,576	494,576
11	Outflows related to derivative exposures and other collateral requirements	494,576	494,576
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	-	-
14	Other contractual funding obligations	1,325,934	132,593
15	Other contingent funding obligations	26,108,885	1,305,444
16	TOTAL CASH OUTFLOWS		5,894,887
Cash inflows			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	9,209,862	7,094,792
19	Other cash inflows		
20	TOTAL CASH INFLOWS	9,209,862	7,094,792
			Total adjusted value
21	Total HQLA		2,686,392
22	Total net cash outflows		1,473,722
23	Liquidity Coverage Ratio (%)		182.29%

NET STABLE FUNDING RATIO (NSFR)

Template LIQ2: Net Stable Funding Ratio (NSFR)

Quarterly

(In currency amount)		a	b	c	d	e	a	b	c	d	e	
		Unweighted value by residual maturity					Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	No maturity		< 6 months	6 months to < 1 year	≥ 1 year		
		Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Jun-22	Jun-22	Jun-22	Jun-22	Jun-22	
Available stable funding (ASF) item												
1	Capital:	-	-	-	4,332,188	4,332,188	-	-	-	4,332,055	4,332,055	
2	Regulatory capital	-	-	-	4,332,188	4,332,188	-	-	-	4,332,055	4,332,055	
3	Other capital instruments	-	-	-	-	-	-	-	-	-	-	
4	Retail deposits and deposits from small business customers:	-	-	-	-	-	-	-	-	-	-	
5	Stable deposits	-	-	-	-	-	-	-	-	-	-	
6	Less stable deposits	-	-	-	-	-	-	-	-	-	-	
7	Wholesale funding:	-	9,600,667	-	-	4,477,953	-	9,108,568	2,112,737	-	4,904,608	
8	Operational deposits	-	-	-	-	-	-	-	-	-	-	
9	Other wholesale funding	-	9,600,667	-	-	4,477,953	-	9,108,568	2,112,737	-	4,904,608	
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-	
11	Other liabilities:	-	447,320	-	4,691,577	-	-	141,323	-	3,715,228	-	
12	NSFR derivative liabilities	-	-	-	4,691,577	-	-	-	-	3,715,228	-	
13	All other liabilities and equity not included in the above categories	-	447,320	-	-	-	-	141,323	-	-	-	
14	Total ASF	-	10,047,987	-	9,023,765	8,810,141	-	9,249,891	2,112,737	8,047,283	9,236,663	
Required stable funding (RSF) item												
15	Total NSFR high- quality liquid assets (HQLA)	-	345,361	-	-	13,815	-	294,545	-	-	12,088	
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-	
17	Performing loans and securities:	-	13,488,928	289,096	1,004,024	4,615,721	-	14,535,004	201,253	1,003,661	5,660,347	
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-	
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-	-	-	-	-	-	
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	-	-	-	-	-	-	-	-	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-	-	-	-	-	-	
22	Performing residential mortgages, of which:	-	-	-	-	-	-	-	-	-	-	
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-	-	-	-	-	-	
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-	-	-	-	-	-	
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-	
26	Other assets:	-	-	87,263	-	87,263	-	-	41,449	-	41,449	
27	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	-	-	-	-	-	-	-	-	-	-	
29	NSFR derivative assets	-	-	-	4,674,920	-	-	-	-	3,721,215	5,987	
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-	
31	All other assets not included in the above categories	-	-	-	-	-	-	-	-	-	-	
32	Off- balance sheet items	-	-	-	27,903,977	1,840,899	-	-	-	25,578,421	1,631,868	
33	Total RSF	-	-	-	-	6,557,697	-	-	-	-	7,351,739	
34	Net Stable Funding Ratio (%)	-	-	-	-	134.35%	-	-	-	-	125.64%	