

Imposition of an administrative penalty on BNP Paribas Fortis SA/NV

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013¹, decided on 13 November 2024 to impose an administrative penalty on BNP Paribas Fortis SA/NV in an amount of EUR 10,400,000. This penalty is imposed in respect of a breach of Article 430(1), point(a), of Regulation (EU) No 575/2013² of the European Parliament and of the Council³ committed by reporting quarterly, on the basis of its consolidated situation, inaccurate information on its own funds requirements and risk-weighted assets for credit and dilution risk for factoring exposures, which were taken into account for calculating the regulatory capital ratios, for 31 consecutive reporting periods from 2014 to 2021.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with this Guide, the ECB considered all the relevant circumstances of the case, in particular the degree of the misconduct of BNP Paribas Fortis SA/NV together with the impact of the breach and the size of the entity.

The degree of the entity's misconduct was assessed as 'high' taking account of the fact that the entity committed the breach intentionally. The breach occurred because the entity calculated the own funds requirements for credit risk in relation to the factoring exposures of its subsidiary in Belgium with the use of internal models while the entity was aware of serious and material aspects that almost inevitably rendered the models non-compliant with Regulation (EU) No 575/2013. Despite this, the entity used these models to calculate data on own funds requirements for the factoring exposures concerned, which impacted on the reported own funds requirements and risk weighted assets, and consequently the capital ratios, in its quarterly submissions to the competent authorities. Thereby, the Supervised Entity accepted the breach of the reporting obligations as a certain result of its conduct. In addition, the entity failed to inform the competent authorities of the non-compliance of the internal models used until new models for

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² Article 430(1), point (a), of Regulation (EU) No 575/2013 became applicable on 28 June 2021. For almost the entire period that the breach was committed, the same requirement was imposed by Article 99(1) of Regulation (EU) No 575/2013. Any references in this document to Article 430(1), point (a), of Regulation (EU) No 575/2013 should be understood accordingly.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

the factoring exposures affected were developed by the entity and submitted for regulatory approval. This prevented these authorities from assessing the situation and taking appropriate supervisory measures during the relevant period.

The ECB assessed the impact of the breach as 'medium' based on the effect that the breach had on the prudential situation of the entity and its effective supervision. This was determined on the basis of the importance of reporting obligations for ongoing supervision, the duration of the breach and the extent to which the reported figures differed from those calculated using less sophisticated regulatory approaches, which prevented the ECB from obtaining a comprehensive view of the risk profile and the prudential situation of the entity in the relevant period.

Of the severity categories 'minor', 'moderately severe', 'severe', 'very severe' and 'extremely severe', the ECB classified the breach as 'severe' since the degree of misconduct and the impact were determined, respectively, as 'high' and 'medium'.

The administrative penalty is published in accordance with Article 18(6) of Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)⁴.

The ECB's decision to impose an administrative penalty on BNP Paribas Fortis SA/NV may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

⁴ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).