

Press release

20 December 2024

ECB sanctions BNP Paribas Fortis SA/NV for misreporting capital requirements

- ECB imposes penalty of €10.4 million on BNP Paribas Fortis SA/NV for intentionally breaching credit risk reporting rules
- Bank relied on internal models for own funds calculation despite identifying severe deficiencies

The European Central Bank (ECB) has imposed an administrative penalty of €10.4 million on BNP Paribas Fortis SA/NV for reporting miscalculated risk-weighted assets for credit risk.

Between 2014 and 2021, for 31 consecutive quarters, BNP Paribas Fortis SA/NV understated its risk-weighted assets connected to factoring exposures of its subsidiary in Belgium. The bank relied on the use of internal models for calculating own funds requirements for these exposures, despite having identified severe deficiencies which rendered the models almost inevitably non-compliant with the Capital Requirements Regulation (CRR). The bank knowingly reported wrongly calculated figures to the competent authorities, thereby preventing them from having a comprehensive view of its risk profile. The bank only informed the ECB once the new models had been developed and submitted for regulatory approval, seven years after the deficiencies were identified.

Risk-weighted assets are a measure of the risks a bank has on its books. They serve as a basis for banks to calculate their capital requirements. As a result of underestimating its risk-weighted assets, BNP Paribas Fortis SA/NV did not calculate its capital requirements properly and reported higher capital ratios than it should have. Capital ratios are key indicators of a bank's capital strength and its ability to absorb losses.

When setting a pecuniary penalty, the ECB applies its dedicated [public guide](#). In this case, the ECB has classified the breach as “severe”.

More details on sanctions imposed by the ECB are available on our [the ECB's banking supervision website](#).

The bank may challenge the ECB's decision before the Court of Justice of the European Union.

European Central Bank

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Notes

- The ECB's power to impose sanctions stems from Article 18(1) of 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.
- The Decision imposing a sanction 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.

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