CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

Unaudited figures

BNP PARIBAS

The bank
for a changing
world

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with IFRS as adopted by the European Union

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2020 and 31 December 2019. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for the year ended 31 December 2018 are provided in the Universal Registration Document filed with the Autorité des marchés financiers on 3 March 2020 under number D.20-0097.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

In millions of euros	Notes	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Interest income	2.a	33,589	37,327
Interest expense	2.a	(12,277)	(16,200)
Commission income	2.b	13,599	13,265
Commission expense	2.b	(3,737)	(3,900)
Net gain on financial instruments at fair value through profit or loss	2.c	6,861	7,111
Net gain on financial instruments at fair value through equity	2.d	249	350
Net gain on derecognised financial assets at amortised cost		36	3
Net income from insurance activities	2.e	4,114	4,437
Income from other activities	2.f	13,194	13,502
Expense on other activities	2.f	(11,353)	(11,298)
REVENUES		**44,275**	**44,597**
Salary and employee benefit expense	6.a	(16,946)	(17,553)
Other operating expenses	2.g	(10,809)	(11,339)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.n	(2,439)	(2,445)
GROSS OPERATING INCOME		**14,081**	**13,260**
Cost of risk	2.h	(5,717)	(3,203)
OPERATING INCOME		**8,364**	**10,057**
Share of earnings of equity-method entities	4.m	423	586
Net gain on non-current assets		1,030	1,569
Goodwill	4.o	5	(818)
PRE-TAX INCOME		**9,822**	**11,394**
Corporate income tax	2.i	(2,407)	(2,811)
NET INCOME		**7,415**	**8,583**
Net income attributable to minority interests		348	410
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**7,067**	**8,173**
Basic earnings per share	7.a	5.31	6.21
Diluted earnings per share	7.a	5.31	6.21

STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net income for the period	**7,415**	**8,583**
Changes in assets and liabilities recognised directly in equity	**(2,599)**	**1,630**
Items that are or may be reclassified to profit or loss	**(2,477)**	**1,565**
- Changes in exchange differences	(3,151)	530
- Changes in fair value of financial assets at fair value through equity		
Changes in fair value recognised in equity	*586*	*283*
Changes in fair value reported in net income	*(143)*	*(191)*
- Changes in fair value of investments of insurance activities		
Changes in fair value recognised in equity		*883*
Changes in fair value reported in net income	*(35)*	*(76)*
- Changes in fair value of hedging instruments		
Changes in fair value recognised in equity	*633*	*494*
Changes in fair value reported in net income	*(38)*	*(125)*
- Income tax	(219)	(391)
- Changes in equity-method investments	(110)	158
Items that will not be reclassified to profit or loss	**(122)**	**65**
- Changes in fair value of equity instruments designated as at fair value through equity	89	114
- Debt remeasurement effect arising from BNP Paribas Group issuer risk	(193)	9
- Remeasurement gains (losses) related to post-employment benefit plans	8	(28)
- Income tax	(8)	(15)
- Changes in equity-method investments	(18)	(15)
Total	**4,816**	**10,213**
- Attributable to equity shareholders	4,508	9,796
- Attributable to minority interests	308	417

BALANCE SHEET AT 31 DECEMBER 2020

In millions of euros	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and balances at central banks		308,703	155,135
Financial instruments at fair value through profit or loss			
Securities	4.a	167,927	131,935
Loans and repurchase agreements	4.a	244,878	196,927
Derivative financial instruments	4.a	276,779	247,287
Derivatives used for hedging purposes	4.b	15,600	12,452
Financial assets at fair value through equity			
Debt securities	4.c	55,981	50,403
Equity securities	4.c	2,209	2,266
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	18,982	21,692
Loans and advances to customers	4.e	809,533	805,777
Debt securities	4.e	118,316	108,454
Remeasurement adjustment on interest-rate risk hedged portfolios		5,477	4,303
Financial investments of insurance activities	4.i	265,356	257,818
Current and deferred tax assets	4.k	6,559	6,813
Accrued income and other assets	4.l	140,904	113,535
Equity-method investments	4.m	6,396	5,952
Property, plant and equipment and investment property	4.n	33,499	32,295
Intangible assets	4.n	3,899	3,852
Goodwill	4.o	7,493	7,817
TOTAL ASSETS		**2,488,491**	**2,164,713**
LIABILITIES			
Deposits from central banks		1,594	2,985
Financial instruments at fair value through profit or loss			
Securities	4.a	94,263	65,490
Deposits and repurchase agreements	4.a	288,595	215,093
Issued debt securities	4.a	64,048	63,758
Derivative financial instruments	4.a	282,608	237,885
Derivatives used for hedging purposes	4.b	13,320	14,116
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	147,657	84,566
Deposits from customers	4.g	940,991	834,667
Debt securities	4.h	148,303	157,578
Subordinated debt	4.h	22,474	20,003
Remeasurement adjustment on interest-rate risk hedged portfolios		6,153	3,989
Current and deferred tax liabilities	4.k	3,001	3,566
Accrued expenses and other liabilities	4.l	107,846	102,749
Technical reserves and other insurance liabilities	4.i	240,741	236,937
Provisions for contingencies and charges	4.p	9,548	9,486
TOTAL LIABILITIES		**2,371,142**	**2,052,868**
EQUITY			
Share capital, additional paid-in capital and retained earnings		*106,228*	*97,135*
Net income for the period attributable to shareholders		*7,067*	*8,173*
Total capital, retained earnings and net income for the period attributable to shareholders		**113,295**	**105,308**
Changes in assets and liabilities recognised directly in equity		(496)	2,145
Shareholders' equity		**112,799**	**107,453**
Minority interests	7.d	**4,550**	**4,392**
TOTAL EQUITY		**117,349**	**111,845**
TOTAL LIABILITIES AND EQUITY		**2,488,491**	**2,164,713**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

In millions of euros	Notes	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Pre-tax income		**9,822**	**11,394**
Non-monetary items included in pre-tax net income and other adjustments		**5,741**	**13,413**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		6,325	6,108
Impairment of goodwill and other non-current assets		24	796
Net addition to provisions		6,971	11,071
Share of earnings of equity-method entities		(423)	(586)
Net (income) from investing activities		(1,034)	(1,585)
Net (income) from financing activities		(2,470)	(830)
Other movements		(3,652)	(1,561)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**123,761**	**(75,644)**
Net increase (decrease) in cash related to transactions with customers and credit institutions		152,167	(14,723)
Net decrease in cash related to transactions involving other financial assets and liabilities		(18,050)	(51,042)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(7,767)	(7,945)
Taxes paid		(2,589)	(1,934)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**139,324**	**(50,837)**
Net (decrease) increase in cash related to acquisitions and disposals of consolidated entities		(78)	1,675
Net decrease related to property, plant and equipment and intangible assets		(773)	(1,998)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(851)**	**(323)**
Increase (decrease) in cash and equivalents related to transactions with shareholders		773	(3,987)
Increase in cash and equivalents generated by other financing activities		17,751	24,128
NET INCREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**18,524**	**20,141**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(2,614)**	**714**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**154,383**	**(30,305)**
Balance of cash and equivalent accounts at the start of the period		**152,218**	**182,523**
Cash and amounts due from central banks		155,151	185,134
Due to central banks		(2,985)	(1,354)
On demand deposits with credit institutions		8,972	8,813
On demand loans from credit institutions	4.g	(9,072)	(10,571)
Deduction of receivables and accrued interest on cash and equivalents		152	501
Balance of cash and equivalent accounts at the end of the period		**306,601**	**152,218**
Cash and amounts due from central banks		308,721	155,151
Due to central banks		(1,594)	(2,985)
On demand deposits with credit institutions		8,380	8,972
On demand loans from credit institutions	4.g	(8,995)	(9,072)
Deduction of receivables and accrued interest on cash and equivalents		89	152
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**154,383**	**(30,305)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital and retained earnings				Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss			
In millions of euros	Share capital and additional paid-in-capital	Undated Super Subordinated Notes	Non-distributed reserves	Total	Financial assets 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
Capital and retained earnings at 1 January 2019	**27,036**	**8,230**	**65,550**	**100,816**	**403**	**(182)**	**210**	**431**
Appropriation of net income for 2018			**(3,772)**	**(3,772)**				**-**
Increases in capital and issues		1,512	(2)	1,510				-
Reduction or redemption of capital		(1,069)	(14)	(1,083)				-
Movements in own equity instruments	34	16	36	86				-
Remuneration on preferred shares and undated super subordinated notes			(401)	(401)				-
Impact of internal transactions on minority shareholders			(1)	(1)				-
Acquisitions of additional interests or partial sales of interests (note 7.d)			18	18				-
Change in commitments to repurchase minority shareholders interests			(7)	(7)				-
Other movements			(19)	(19)				-
Realised gains or losses reclassified to retained earnings			(12)	(12)		12		12
Changes in assets and liabilities recognised directly in equity				-	108	7	(50)	65
Net income for 2019			**8,173**	**8,173**				**-**
Capital and retained earnings at 31 December 2019	**27,070**	**8,689**	**69,549**	**105,308**	**511**	**(163)**	**160**	**508**
Appropriation of net income for 2019				-				-
Increases in capital and issues		1,609	(2)	1,607				-
Reduction or redemption of capital		(335)	(5)	(340)				-
Movements in own equity instruments	(17)	(15)	40	8				-
Remuneration on preferred shares and undated super subordinated notes			(426)	(426)				-
Movements in consolidation scope impacting minority shareholders (note 7.d)				-				-
Acquisitions of additional interests or partial sales of interests (note 7.d)			(1)	(1)				-
Change in commitments to repurchase minority shareholders' interests			(8)	(8)				-
Other movements			(2)	(2)				-
Realised gains or losses reclassified to retained earnings			82	82	(84)	2		(82)
Changes in assets and liabilities recognised directly in equity				-	34	(142)	(6)	(114)
Net income for 2020			**7,067**	**7,067**				**-**
Capital and retained earnings at 31 December 2020	**27,053**	**9,948**	**76,294**	**113,295**	**461**	**(303)**	**154**	**312**

BETWEEN 1 JANUARY 2019 AND 31 DECEMBER 2020

Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss					Total shareholders' equity	Minority interests *(note 7.d)*	Total equity
Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Total			
(2,473)	**201**	**1,529**	**822**	**79**	**101,326**	**4,254**	**105,580**
				-	**(3,772)**	**(227)**	**(3,999)**
				-	1,510	10	1,520
				-	(1,083)		(1,083)
				-	86		86
					(401)	(1)	(402)
				-	(1)	1	-
				-	18	1	19
				-	(7)	(64)	(71)
				-	(19)	1	(18)
				-	-		-
571	40	709	238	1,558	1,623	7	1,630
				-	**8,173**	**410**	**8,583**
(1,902)	**241**	**2,238**	**1,060**	**1,637**	**107,453**	**4,392**	**111,845**
				-	**-**	**(84)**	**(84)**
				-	1,607		1,607
				-	(340)		(340)
				-	8		8
					(426)	(1)	(427)
				-	-	5	5
				-	(1)	1	-
				-	(8)	(69)	(77)
				-	(2)	(2)	(4)
				-	-		-
(3,131)	316	(4)	374	(2,445)	(2,559)	(40)	(2,599)
				-	**7,067**	**348**	**7,415**
(5,033)	**557**	**2,234**	**1,434**	**(808)**	**112,799**	**4,550**	**117,349**

NOTES TO THE FINANCIAL STATEMENTS
Prepared in accordance with IFRS as adopted by the European Union

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE GROUP

1.a ACCOUNTING STANDARDS

1.a.1 APPLICABLE ACCOUNTING STANDARDS

The coronavirus outbreak characterised by the World Health Organisation as a pandemic on 11 March 2020 as well as measures introduced by governments and regulators to tackle the outbreak have affected the global supply chain as well as demand for goods and services and therefore had a significant impact on the global growth. At the same time, fiscal and monetary policies have been eased to sustain the economy.

The consolidated financial statements of BNP Paribas have been prepared on a going concern basis. The impacts of the pandemic, mitigated by all countercyclical measures such as government and financial support to customers, mainly relate to expected credit losses and asset valuation.

These impacts were estimated against a background of uncertainty about the magnitude of the impact of the outbreak on local and global economies.

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 “Financial Instruments: Disclosures” will be presented in chapter 5 of the Universal Registration Document, section 4, paragraph *Exposures, provisions and cost of risk*. This information provides credit risk exposures and related impairments detailed by their status, performing or non-performing, by geographic area and by industry, and the detail of the loans and advances subject to moratoria or to public guarantee schemes in response to the health crisis.

This information is an integral part of the notes to the BNP Paribas Group’s consolidated financial statements as at 31 December 2020.

- Since 1 January 2019, the Group applies IFRS 16 « Leases », adopted by the European Union on 31 October 2017.

  The IFRS Interpretation Committee has been requested with a question concerning the determination of a lease term of two types of contracts cancellable or renewable:
  - Contracts without no particular contractual term, cancellable at any time with notice period by either the lessee and the lessor without penalty to paid;
  - Contracts concluded for an initial short period (normally 12 months), renewable indefinitely by tacit renewal for the same period, unless the lessor and the lessee gives notice to the contrary;

[1] 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

At the end of its meeting of 26 November 2019 last, IFRIC confirmed its reading of IFRS 16 by stating that the enforceability of the two types of contract may extend beyond the notice period if either party has an economic incentive not negligible to not terminate the lease. IFRIC also confirmed that if an entity expects to use non-removable leasehold improvement after the date on which the contract can be terminated, the existence of such improvements indicates that the entity may incur a significant economic penalty in the event of termination and in this case the contract becomes enforceable beyond the date of termination.
The Group implemented this decision with no significant impact.

- In relation to the IBOR and Eonia rates reform, at the end of 2018 the Group launched a global program, involving all business lines and functions. This program aims at managing and implementing the transition from the old benchmark interest rates to the new ones in major jurisdictions and currencies (euro, pound sterling, United States dollar, Swiss franc and Japanese yen), while reducing the risks associated with this transition and meeting the deadlines set by the competent authorities. The Group contributed to market-wide workshops with central banks and supervisors.

The announcements by public authorities in the United Kingdom, the United States and the Libors administrator (ICE BA) at the end of November 2020 changed the transition period that was initially scheduled to be completed by the end of 2021. For the GBP Libor, a synthetic Libor may be published beyond the end of 2021 for use in certain contracts known as « tough legacy » contracts. In the United States, the decision was taken to continue publishing the USD Libor until mid-2023, as a legislative solution is being sought for some asset classes, including floating-rate bonds.

Based on the progress made in 2020, notably with the definition of a detailed plan, the Bank is confident in its operational capacity to manage the transition process of large volumes of transactions to the new benchmark rates.

In Europe, the Eonia-€STR transition, which is purely technical in view of the fixed link between these two indices, continued, while the maintenance of Euribor on a sine die basis was confirmed.

The reform of IBOR rates in other currencies exposes the Bank to various risks that the program aims to manage closely. These risks include in particular:

- change management risks, but also of litigation and conduct linked to negotiations with customers and market counterparties to amend existing contracts;
- operational risks related to changes in the Bank's IT systems and processes;
- economic risks in case of financial market disturbances linked to the various transitions induced by the IBOR reform;
- valuation risks in a scenario of reduced liquidity during the transition in certain derivative market segments.

In September 2019, the IASB published "Phase 1" amendments to IAS 39 and IFRS 7, amending the hedge accounting requirements so that hedges affected by the benchmark interest rate reform can continue despite the uncertainty before the hedged items or hedging instruments are amended to incorporate the reformed benchmark rates. These amendments, endorsed by the European Commission on 15 January 2020, are mandatory for annual financial statement as from 1 January 2020, with the possibility of early adoption, an option which the Group has chosen.

In August 2020, the IASB published "Phase 2" amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 introducing several changes applicable during the effective transition to the new benchmark interest rates. These amendments allow for changes in the contractual cash flows of financial instruments resulting from the IBOR reform to be treated as a simple reset of their variable interest rate, provided, however, that such changes are made on an economically equivalent basis. They also allow the continuation of hedging relationships, subject to amending their documentation to reflect changes in hedged instruments, hedging instruments, hedged risk, and/or the method for measuring effectiveness during the transition to the new reference rates. The measures introduced in this framework also include:

- the possibility of documenting an interest rate as a hedged risk component even if this rate is not immediately separately identifiable, provided that it can reasonably be expected to become so within 24 months;
- the possibility of resetting cumulative fair value changes to zero in the hedge ineffectiveness test;
- and the obligation in the framework of portfolio hedges to isolate in subgroups instruments referring to the new risk-free rates (RFR).

These amendments, adopted by the European Commission in December 2020, are applicable for the annual financial statements as from 1 January 2021, with the possibility of early adoption, an option which the Group has chosen in order to maintain its existing hedging relationships which have been modified as a result of the transition to the new RFRs.

The Group has documented hedging relationships in regard of reference interest rates in the scope of the reform, mainly Eonia, Euribor, and Libor rates. For these hedging relationships, the hedged items and hedging instruments will be progressively amended, where necessary, to incorporate the new rates. The “Phase 1” amendments to IAS 39 and IFRS 7 are applicable when the contractual terms of the hedged instruments or of the hedging instruments have not yet been amended (i.e. with the inclusion of a “fallback” clause), or if they have been amended, when the terms and the date of the transition to the new reference interest rates have not been clearly stipulated. Conversely, the “Phase 2” amendments are applicable when the contractual terms of the hedged instruments or of the hedging instruments have been amended, and the terms and date of transition to the new reference interest rates have been clearly stipulated.

The notional amounts of hedging instruments documented in the hedging relationships impacted by the benchmark interest rate reform are presented in note 4.b *Derivative instruments used for hedging purposes*.

Besides, the reform leads to a change in the reference overnight interest rate applied for the remuneration of collateral. This was accomplished in particular in 2020 by the clearing houses for derivatives in euro and United States dollar, leading to changes in valuation curves. The net impact of these changes on the Group accounts is non-significant.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2020 had no effect on the 2020 financial statements.

The Group did not anticipate the application of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2020 was optional.

1.a.2 NEW MAJOR ACCOUNTING STANDARDS, PUBLISHED BUT NOT YET APPLICABLE

IFRS 17 “Insurance Contracts”, issued in May 2017, will replace IFRS 4 “Insurance Contracts” and will become mandatory for annual periods beginning on or after 1 January 2023[2], after its adoption by the European Union for application in Europe.

The analysis of the standard and the identification of its effects are going on.

[2] On 25 June 2020, the IASB published “Amendments to IFRS 17” including in particular the deferral of the mandatory initial application of IFRS 17 for two years.

1.b CONSOLIDATION

1.b.1 SCOPE OF CONSOLIDATION

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

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

1.b.2 CONSOLIDATION METHODS

Exclusive control

Controlled enterprises are fully consolidated. The Group 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, the Group 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 the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's 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, the Group 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 shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group 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 the Group 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 the Group.

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 the Group is remeasured at its fair value through profit or loss.

Joint control

Where the Group 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), the Group 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 Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Significant influence

Companies over which the Group 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 the Group 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 the Group effectively exercises significant influence. This is the case for example for entities developed in partnership with other associates, where the BNP Paribas Group 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 the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group 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 the Group has contracted a legal or constructive obligation, or has made payments on behalf of this entity.

Where the Group 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.b.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 and available-for-sale assets are maintained in the consolidated financial statements.

- **Translation of accounts expressed in foreign currencies**

The consolidated financial statements of BNP Paribas 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.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

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, the Group 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 euro zone, 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, determined according to the step method, 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.b.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.

The Group 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, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group 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 (French GAAP), had not been restated in accordance with the principles of IFRS 3.

- **Measurement of goodwill**

The BNP Paribas Group tests goodwill for impairment on a regular basis.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[3] representing major business lines. This split is consistent with the Group's organisational structure and management methods, 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.

(3) As defined by IAS 36.

- 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 Group 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.

1.c TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, 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[4] expressed in foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group 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".

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(4) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.
Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

1.d NET INTEREST INCOME, COMMISSIONS AND INCOME FROM OTHER ACTIVITIES

1.d.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.

1.d.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

The group 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…

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…

Income from other activities

Income from property development as well as income from services provided in connection with lease contracts is recorded under 'income from other activities' in the income statement.

As regards property development income, the group records it in profit or loss:

- over time, when the performance obligation creates or enhances an asset on which the customer obtains control as it is created or enhanced (e.g. work in progress controlled by the client on the land in which the asset is located…), or where the service performed does not create an asset that the entity could otherwise use and gives it enforceable right to payment for performance completed to date. This is the case for contracts such as VEFA (sale in the future state of completion) in France.
- at completion in other cases.

Regarding income from services provided in connection with lease contracts, the group records them in profit or loss as the service is rendered, i.e. in proportion to the costs incurred for maintenance contracts.

1.e FINANCIAL ASSETS AND LIABILITIES

Financial assets, except those relating to insurance activities (see note 1.f) 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 the group 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.e.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 shall not be modified by specific characteristics that would likely call into question the respect of the cash flow criterion.

Thus, when the variable interest rate of the financial asset is periodically reset on 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 the Group present a mismatch between the interest rate reset frequency and the maturity of the index, or interest rates indexed on an average of benchmark rate. The Group 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 (example: loans granted in the context of Livret A savings accounts).

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 a reasonable compensation for the early termination of the contract. For example, as regards loans to retail customers, the compensation limited to 6 months of interest or 3% of the capital outstanding is considered as reasonable. Actuarial penalties, corresponding to the discount 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. so called "symmetric" compensations). 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.

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 instruments portfolios must meet the cash flow criterion and the credit risk exposure of the tranche must be equal 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-flows 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-flows criterion, an assessment of the existing credit enhancement has to be performed. The following aspects are considered: structuring and sizing of the transaction, own funds level of the structure, expected source of repayment, volatility of the underlying assets. This analysis is applied to "non-recourse" loans granted by the Group.

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

Recognition

On initial recognition, financial assets are recognised at their 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 initial recognition, to the measurement of a loss allowance for expected credit losses (note 1.e.5).

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

1.e.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 the Group 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.e.3 Financing and guarantee commitments

Financing and financial guarantee commitments that are not recognised as derivative instruments 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.e.4 Regulated savings and loan contracts

Home savings accounts (*Comptes Épargne-Logement* – “CEL”) and home savings plans *(Plans d’Épargne Logement* – “PEL”) are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer’s option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group’s future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group’s estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in “Provisions for contingencies and charges”. Movements in this provision are recognised as interest income in the profit and loss account.

1.e.5 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 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

The group identifies three “stages” that correspond each 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 “stage” 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 meets 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 meeting 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 their initial recognition.

For these assets, there is no loss allowance accounted for at 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.

The group 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 or 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 specialised 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.

In the context of the health crisis, the granting of moratoria that meet the criteria defined in the EBA guidelines published on 2 April 2020, and amended on 2 December 2020, has not been considered, in isolation, as an indicator of a significant increase in credit risk leading to an automatic transfer to stage 2. The granting of “private” moratoria that meet equivalent criteria to those defined in the EBA guidelines published on 2 April 2020 (i.e. granted up to 30 September 2020) has followed the same treatment. Moratoria do not trigger the counting of past-due days as long as the new schedule of payment is respected.

The principles applied to assess the significant increase in credit risk are detailed in note 2.h 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 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 specialised 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. The measurement of these parameters is performed 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.

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 (including prepayment, extension and similar options) over the life of the instrument are taken into account. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term must be 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 expected credit losses measurement 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 taken, for example if the next review date is the contractual maturity as they are individually managed.

Probabilities of Default (PD)

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

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 from the rating migration matrices reflecting the expected rating evolution 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. The LGD is expressed as a percentage of the 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 state-guaranteed loans that have been originated in the context of the health crisis, the guarantee is considered as integral to the loan agreement if it is embedded in the contractual clauses of the loan, or it was granted at origination of the loan, and if the expected reimbursement amount can be attached to a loan in particular (i.e. absence of pooling effect by the mean 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 retreated for downturn and conservatism margins (in particular regulatory margins), except for margins for model uncertainties.

Exposure At Default (EAD)

The 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

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 2.h 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 an additional impairment loss posted in “Cost of risk”. For any receipt occurring when the financial asset (or part of it) is no longer recognised on the balance-sheet, the amount received is recorded as an impairment 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, the group may decide to exercise the guarantee and, according to the jurisdiction, it may then become owner of the asset. In such a situation, the loan is written-off in counterparty of the asset received as collateral.

Once ownership of the asset is carried out, it is accounted for 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 the Group 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 is subject to an adjustment of its gross carrying amount, to reduce it to the discounted amount, at 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 quality 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”.

In 2020, in response to the health crisis, several moratoria have been granted to clients. Those moratoria mostly consist in payment suspension of a few months, with interests that may or not continue to accrue during the suspension period. To that extent, the modification is generally considered as not substantial. The associated discount (linked to the absence of interest accruing, or interest accruing at a rate that is lower than the EIR of the loan) is thus accounted for in NBI, subject to the respect of certain criteria[5]. The moratorium is indeed, in such situation, considered as not being granted in response to the borrower encountering financial difficulties, but in response to a temporary liquidity crisis and the credit risk is not considered to have significantly increased.

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 financial asset, which is then derecognised, followed by the set-up of a new financial asset at market conditions. They consist in resetting the interest rate of the loan at market conditions, with the client being in a position to change its lender and not encountering any financial difficulties.

1.e.6 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;
- Impairment gains and losses relating to fixed-income securities of insurance entities that are individually impaired (which fall under IAS 39).

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

[5] Moratoria qualified as « COVID-19 General moratorium Measure » (i.e. meeting the criteria defined in EBA Guidelines published on 2 April 2020) or similar measures that do not lead to a transfer in stage 3.

1.e.7 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.

All those financial instruments are measured at fair value at initial recognition, with transaction costs directly posted in profit or loss. At 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.e.8 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 the Group are qualified as debt instruments if the entity in the Group issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group’s 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 the parent company (BNP Paribas SA) 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 the Group, 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 the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. 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 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 the Group’s interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Financial instruments issued by the group 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.e.9 HEDGE ACCOUNTING

The Group 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, the Group 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, the Group 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.e.10 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.

The Group 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 maximize the use of observable inputs and minimize 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 generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group 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.e.11 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derecognition of financial assets

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

Derecognition of financial liabilities

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recognised in the Group's 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 Group's 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 the Group, 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.e.12 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, the Group 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.f ACCOUNTING STANDARDS SPECIFIC TO INSURANCE ACTIVITIES

The specific accounting policies and valuation rules relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

The amendment to IFRS 4 "Insurance Contracts" published by the IASB on 25 June 2020 provides the option for entities that predominantly undertake insurance activities to defer the effective date of IFRS 9 application until 1 January 2023 in line with the deferral of the mandatory application date for IFRS 17 "Insurance Contracts".

The effect of such a deferral is that those entities may continue to report their financial statements under the existing standard IAS 39.

This temporary exemption from IFRS 9, limited to groups that predominantly undertake insurance activities according to the IASB amendment, has been extended to the insurance segment of financial conglomerates as defined by the Directive 2002/87/EC as adopted by the European Union. This exemption is subject to certain conditions, notably the absence of internal transfers of financial instruments, other than financial instruments that are measured at fair value through profit or loss, between insurance entities and other entities of the financial conglomerate.

BNP Paribas Group applies this amendment to all its insurance entities, including funds related to this activity, which will apply IAS 39 "Financial instruments: Recognition and Measurement" until 31 December 2022.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.f.1 PROFIT AND LOSS ACCOUNT

Income and expenses recognised under insurance contracts issued by the group are presented in the income statement under "Net income from insurance activities".

This heading in the income statement includes premiums earned, net gain in investment contracts with no discretionary participation feature and other services, net investment income (including income on investment property and impairment on shares and other equity instruments), technical charges related to contracts; (including policyholders surplus reserve), net charges from ceded reinsurance and external charges related to contracts (including commissions).

Other income and expenses relating to insurance activities (i.e. recorded by insurance entities) are presented in the other income statement headings according to their nature.

1.f.2 FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

Investments of insurance activities mainly include:

- Investments by insurance entities in financial instruments that are recognised in accordance with the principles of IAS 39, which include investments representing technical reserves of insurance activities and notably unit-linked contracts;
- Derivative instruments with a positive fair value. Group insurance entities underwrite derivative instruments for hedging purposes;
- Investment properties;
- Equity method investments;
- And reinsurers' share in liabilities arising from insurance and investment contracts.

Investments in financial instruments

Financial investments held by the group's insurance entities are classified in one of the four categories provided for in IAS 39: Financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

- Financial assets at fair value through profit or loss

The category of 'Financial assets at fair value through profit or loss' includes derivatives and financial assets that the Group has elected to recognise and measure at fair value through profit or loss at inception, in accordance with the option offered by IAS 39.

Financial assets may be designated at fair value through profit or loss in the following cases (in accordance with IAS 39):

– 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;
– where 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 arise if they were to be classified in separate accounting categories;
– when the group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

Investments held in respect of insurance or investment contracts where the financial risk is borne by policyholders (unit-linked contracts) are recognised at fair value option through profit or loss.

When the Group measures at fair value through profit or loss investments made in respect of its insurance activities in entities over which it exercises significant influence or joint control, these investments are presented under the line "Financial assets at fair value through profit or loss" (cf. §1.b.2).

Financial instruments classified in this category are initially recognised at their fair value, with transaction costs being directly recognised in the income statement.
At the closing date, they are valued at their fair value.
Changes in value compared to the last valuation, income, dividends and realised gains and losses are presented under "Net income from insurance activities" and under "Net gain on financial instruments at fair value through profit or loss".

- Loans and advances

Fixed or determinable -income securities, which are not quoted in an active market, other than those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration, are classified as "Loans and receivables" when they do not meet the conditions for classification as financial assets at fair value through profit or loss.

Loans and receivables are initially recognised at their fair value or equivalent, which generally corresponds to the net amount originally paid.
Loans and receivables are subsequently measured at amortised cost using the effective interest method and net of repayments of principal and interest.
Interest is calculated using the effective interest method, which includes interest, transaction costs and commissions included in their initial value and is presented under "Net income from insurance activities" and under sub-heading "Net gain on financial instruments at amortised cost".

Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under "Cost of risk".

- Held-to-maturity financial assets

"Held-to-maturity financial assets" include debt securities, with fixed maturity, that the Group has the intention and ability to hold until maturity.

Securities classified in this category are recognised at amortised cost using the effective interest method.

Income received on these securities is presented under "Net income from insurance activities" and under sub-heading "Net gain on financial instruments at amortised cost". Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under "Cost of risk".

- Available-for-sale financial assets

The category "Available-for-sale financial assets" includes debt or equity securities that do not fall within the previous three categories.

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the end of the reporting period, they are valued at their fair value and the changes in the latter, excluding accrued income, are presented under a specific heading of equity. On disposal of the securities, these unrealised gains or losses previously recognised in equity are reclassified in the income statement under the heading "Net income from insurance activities".

Income recognised using the effective interest method on debt securities, dividends received and impairment (in the event of a significant or lasting decline in the value of the securities) of equity securities are presented under "Net income from insurance activities" and under section "Net gain on available-for-sale financial assets". Impairment losses on debt securities are presented under "Cost of risk".

Investment property

Investment property corresponds to buildings held directly by insurance companies and property companies controlled.

Investment property, except for those used for unit-linked contracts, is recognised at cost and follows the accounting methods of the assets described elsewhere.

Investment property, held in respect of unit-linked contracts, is valued at fair value or equivalent, with changes in value recognised in the income statement.

Equity method investments

Investments in entities or real estate funds over which the Group exercises significant influence or joint control and for which the equity method is applied are recognised in the line "Equity method investments".

1.f.3 TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

The item "Technical reserves and other insurance liabilities" includes:

- Commitments to policyholders and beneficiaries of contracts, which include technical reserves for insurance contracts subject to significant insurance hazard (mortality, longevity, disability, incapacity...) and technical liabilities of investment contracts with a discretionary profit-sharing feature, falling within IFRS 4. The discretionary participation clause grants life insurance policyholders the right to receive, in addition to the guaranteed remuneration, a share of the financial results achieved;

- Other insurance liabilities related to unit-linked contracts that fall within the scope of IAS 39 (i.e. investment contracts with no discretionary participating features);

- Policyholders' surplus reserve;
- Liabilities arising from insurance and reinsurance operations, including liabilities due to policyholders;
- Financial derivative instruments of insurance activities carried at fair value through profit or loss, the fair value of which is negative. Group insurance entities underwrite derivative instruments for hedging purposes.

Financial liabilities that are not insurance liabilities (e.g. subordinated debt) fall under IAS 39. They are presented in "Financial liabilities at amortised cost".

Insurance and reinsurance contracts and investment contracts with discretionary participating features

Life insurance guarantees cover mainly death risk (term life insurance, annuities, repayment of loans or guaranteed minimum on unit-linked contracts) and, regarding borrowers' insurance, to disability, incapacity and unemployment risks.

For life insurance, technical reserves consist mainly of mathematical reserves that corresponds as a minimum, to the surrender value of contracts and surplus reserve.

The policyholders' surplus reserve also includes amounts resulting from the application of shadow accounting representing the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

A capitalisation reserve is set up in individual statutory accounts of French life-insurance companies on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this reserve is reclassified into "Policyholders' surplus" on the liabilities side of the consolidated balance sheet, to the extent that it is highly probable it will be used.

Non-life technical reserves consist of unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

At the reporting date, a liability adequacy test is performed: The level of technical reserves (net of acquisition costs outstanding) is compared to the average value of future cash flows resulting from stochastic calculations. Related adjustment to technical reserves, if any, is taken to the profit and loss account for the period.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

Investment contracts with no discretionary participating features

Investment contracts with no discretionary participating features correspond mainly to unit-linked contracts that do not meet the definition of insurance and investment contracts with discretionary participating features.

Liabilities arising from unit-linked contracts are measured by reference to the fair value of the assets backing these contracts at the closing date.

1.g 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 (cf. note 1.h.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 the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Investment property is recognised at cost, with the exception of those representing insurance or investment contracts whose risk is borne by policyholders (unit-linked contracts), which are measured at fair value through profit or loss and presented in the balance sheet under “Financial investments of insurance activities” (note 1.f.2).

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 the BNP Paribas Group 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 the Group 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. The BNP Paribas Group 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”.

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.h LEASES

Group companies may either be the lessee or the lessor in a lease agreement.

1.h.1 GROUP COMPANY AS LESSOR

Leases contracted by the Group 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.h.2 GROUP COMPANY AS LESSEE

Lease contracts concluded by the Group, 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 is 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 the Group 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 the Group is reasonably certain to exercise this option. In France, 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 lifes. 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.i NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current 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 “Non-current assets held for sale”. Any liabilities associated with these assets are also shown separately in the balance sheet, on the line “Liabilities associated with non-current assets held for sale”. When the Group 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, non-current 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 “Post-tax gain/loss on discontinued operations and assets held for sale”. This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.j EMPLOYEE BENEFITS

Employee benefits are classified in one of four 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, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

- **Short-term benefits**

The Group 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 the Group 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, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group 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 the Group. 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 the Group 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 the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, 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 the Group 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.k SHARE-BASED PAYMENTS

Share-based payment transactions are payments based on shares issued by the Group, 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 the Group 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.l PROVISIONS RECORDED UNDER LIABILITIES

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

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.m 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 the Group 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 the Group, where the Group 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, the Group adopts the following approach:

- The Group 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 the Group 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.n 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 Group's operations, including those relating to financial investments of insurance activities and 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.o 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;
- impairment tests performed on intangible assets;
- the deferred tax assets;
- the estimation of insurance technical reserves and policyholders’ surplus reserves;
- the measurement of uncertainty over income tax treatments and other provisions for contingencies and charges. 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. The Group may also use the opinion of experts and independent legal advisers to exercise its judgement.

2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

2.a NET INTEREST INCOME

The BNP Paribas Group 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 Group 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.

	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	**27,081**	**(8,490)**	**18,591**	**30,715**	**(12,278)**	**18,437**
Deposits, loans and borrowings	24,283	(5,950)	18,333	27,790	(9,083)	18,707
Repurchase agreements	135	(90)	45	186	(88)	98
Finance leases	1,536	(93)	1,443	1,398	(86)	1,312
Debt securities	1,127		1,127	1,341		1,341
Issued debt securities and subordinated debt		(2,357)	(2,357)		(3,021)	(3,021)
Financial instruments at fair value through equity	**1,436**	**-**	**1,436**	**1,076**	**-**	**1,076**
Debt securities	1,436		1,436	1,076		1,076
Financial instruments at fair value through profit or loss (Trading securities excluded)	**76**	**(302)**	**(226)**	**63**	**(347)**	**(284)**
Cash flow hedge instruments	**2,280**	**(1,234)**	**1,046**	**2,746**	**(1,159)**	**1,587**
Interest rate portfolio hedge instruments	**2,716**	**(2,195)**	**521**	**2,727**	**(2,349)**	**378**
Lease liabilities	**-**	**(56)**	**(56)**	**-**	**(67)**	**(67)**
Total interest income/(expense)	**33,589**	**(12,277)**	**21,312**	**37,327**	**(16,200)**	**21,127**

Interest income on individually impaired loans amounted to EUR 380 million for the year ended 31 December 2020, compared to EUR 432 million for the year ended 31 December 2019.

The Group subscribed to the new TLTRO III *(targeted longer-term refinancing operations)* program, as modified by the Governing Council of the European Central Bank in March 2020 (see note 4.g). The Group expects to achieve the lending performance thresholds that would enable it to benefit from a favourable interest rate (average rate of the deposit facility -50 basis points for the first year, and average rate of the deposit facility for the following two years). This floating interest rate is considered as a market rate as 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 and corresponds to the period's nominal interest rate. If the criteria for an increase in lending is not met by the Group, the loss in discounted future cash flows would then be immediately recognised in profit or loss.

2.b COMMISSION INCOME AND EXPENSE

In millions of euros	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	4,314	(848)	3,466	4,535	(1,246)	3,289
Securities and derivatives transactions	2,252	(1,423)	829	1,751	(1,283)	468
Financing and guarantee commitments	1,141	(48)	1,093	1,276	(59)	1,217
Asset management and other services	4,904	(344)	4,560	4,769	(288)	4,481
Others	988	(1,074)	(86)	934	(1,024)	(90)
Commission income/expense	**13,599**	**(3,737)**	**9,862**	**13,265**	**(3,900)**	**9,365**
- of which net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions	*2,729*	*(245)*	*2,484*	*2,753*	*(210)*	*2,543*
- of which commission income and expense on financial instruments not measured at fair value through profit or loss	*3,092*	*(285)*	*2,807*	*3,105*	*(490)*	*2,615*

2.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 held for trading, financial instruments that the Group has designated as at fair value through profit or loss, non-trading equity instruments that the Group did not choose to measure at fair value through equity, 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 "Net interest income" (note 2.a).

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Financial instruments held for trading	**4,116**	**11,768**
Interest rate and credit instruments	4,566	7,489
Equity financial instruments	(1,582)	3,562
Foreign exchange financial instruments	608	2,203
Loans and repurchase agreements	(82)	(1,573)
Other financial instruments	606	87
Financial instruments designated as at fair value through profit or loss	**2,852**	**(5,217)**
Other financial instruments at fair value through profit or loss	**(103)**	**585**
Impact of hedge accounting	**(4)**	**(25)**
Fair value hedging derivatives	456	1,014
Hedged items in fair value hedge	(460)	(1,039)
Net gain on financial instruments at fair value through profit or loss	**6,861**	**7,111**

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

Net gain on financial instruments held for trading in 2020 and 2019 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 payments 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 2020 in profit and loss accounts are not material, whether the hedged item ceased to exist or not.

2.d NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net gain on debt instruments[(1)]	196	234
Dividend income on equity instruments	53	116
Net gain on financial instruments at fair value through equity	**249**	**350**

[(1)] Interest income from debt instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.h).

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 gain of EUR 144 million for the year ended 31 December 2020, compared with EUR 194 million for the year ended 31 December 2019.

2.e NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Premiums earned	21,259	24,183
Net gain from investment contracts with discretionary participation feature and other services	49	32
Net income from financial investments	4,610	14,858
Technical charges related to contracts	(19,664)	(32,423)
Net charges from ceded reinsurance	(158)	(118)
External services expenses	(1,982)	(2,095)
Net income from insurance activities	**4,114**	**4,437**

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net gain on available-for-sale financial assets	2,809	3,273
Interest income and dividends	*2,752*	*3,040*
Additions to impairment provisions	*(338)*	*(160)*
Net disposal gains	*395*	*393*
Net gain on financial instruments at fair value through profit or loss	1,523	11,278
Net gain on financial instruments at amortised cost	124	106
Investment property income	168	200
Share of earnings of equity-method investments	(5)	5
Other expense	(9)	(4)
Net income from financial investments	**4,610**	**14,858**

2.f NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	92	(54)	38	155	(34)	121
Net income from assets held under operating leases	10,754	(9,140)	1,614	10,648	(9,090)	1,558
Net income from property development activities	679	(574)	105	1,069	(867)	202
Other net income	1,669	(1,585)	84	1,630	(1,307)	323
Total net income from other activities	**13,194**	**(11,353)**	**1,841**	**13,502**	**(11,298)**	**2,204**

2.g OTHER OPERATING EXPENSES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
External services and other operating expenses	(8,848)	(9,495)
Taxes and contributions [1]	(1,961)	(1,844)
Total other operating expenses	**(10,809)**	**(11,339)**

[1] Contributions to European resolution fund, including exceptional contributions, amount to EUR 760 million for the year ended 31 December 2020 compared with EUR 646 million for the year ended 31 December 2019.

2.h COST OF RISK

The group general model for impairment described in note 1.e.5 used by the Group 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 shall rely on forward looking information.

Significant increase in credit risk

The assessment of increase in credit risk is done at instrument level based on indicators and thresholds that vary depending on the nature of the exposure and the type of the counterparty.

The internal credit rating methodology used by the Group will be described in chapter 5. Pillar 3 of the Universal Registration Document (section 5.4 Credit risk).

- *Wholesale (Corporates / Financial institutions / Sovereigns) and bonds*

The indicator used for assessing increase in credit risk is the internal counterparty rating of the obligor of the facility.

The deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 3 notches (for instance, a downgrade from 4- to 5-).

The low risk expedient permitted by IFRS 9 (i.e. whereby bonds with an investment grade rating at reporting date are considered as stage 1, and bonds with a non-investment grade rating at reporting date are considered as stage 2) is used only for debt securities for which no ratings are available at acquisition date .

- *SME Corporates facilities and Retail*

As far as SME Corporates exposures are concerned, the indicator used for assessing increase in credit risk is also the internal counterparty rating of the obligor of the facility. Due to a higher volatility in the rating system applied, deterioration is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 6 notches.

For retail exposures, two alternative risk indicators of increase in credit risk can be taken into consideration:

- probability of default (PD): changes in the 1-year probability of default are considered as a reasonable approximation of changes in the lifetime probability of default. Deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the ratio (1 year PD at the reporting date / 1 year PD at origination) is higher than 4.
- existence of a past due within the last 12 months: in the consumer credit specialised business, the existence of a past due that has occurred within the last 12 months, even if regularised since, is considered as a significant deterioration in credit risk and the facility is therefore placed into stage 2.

Furthermore, for all portfolios (except consumer loan specialised business):

- the facility is assumed to be in stage 1 when its rating is better than or equal to 4- (or its 1 year PD is below or equal to 0.25%) at reporting date, since changes in PD related to downgrades in this zone are less material, and therefore not considered as “significant”.

- when the rating is worse than or equal to 9+ (or the 1 year PD is above 10%) at reporting date considering the Group's practice in terms of credit origination, it is considered as significantly deteriorated and therefore placed into stage 2 (as long as the facility is not credit-impaired).

As a backstop, when an asset becomes 30 days past due, the credit risk is deemed to have increased significantly since initial recognition and the asset is therefore placed into stage 2.

Forward Looking Information

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

Regarding the assessment of significant increase in credit risk, beyond the rules based on the comparison of risk parameters between initial recognition and reporting date (cf. "significant increase in credit risk" section), the determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial and geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these forward looking drivers.

Regarding the measurement of expected credit losses, the Group has made the choice to use 3 macroeconomic scenarios by geographic area covering a wide range of potential future economic conditions:

- a baseline scenario, consistent with the scenario used for budgeting,
- an adverse scenario, corresponding to the scenario used quarterly in Group stress tests,
- a favourable scenario, allowing to capture situations where the economy performs better than anticipated.

The link between the macro-economic 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 situations.

The weighting of the expected credit losses under each scenario is performed as follows:

- 50% for the baseline scenario,
- the weighting of the two alternative scenarios is computed using a relationship with the position in the credit cycle. In this approach, the adverse scenario receives a higher weight when the economy is in strong expansion than in lower growth period in anticipation of a potential downturn of the economy.

In addition, when appropriate, the ECL measurement can take into account scenarios of sale of the assets.

Macroeconomic scenarios:

The three 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. Projections are designed for each key market of the Group (France, Belgium, Italy, the United States and the Eurozone) using key macro-economic 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.

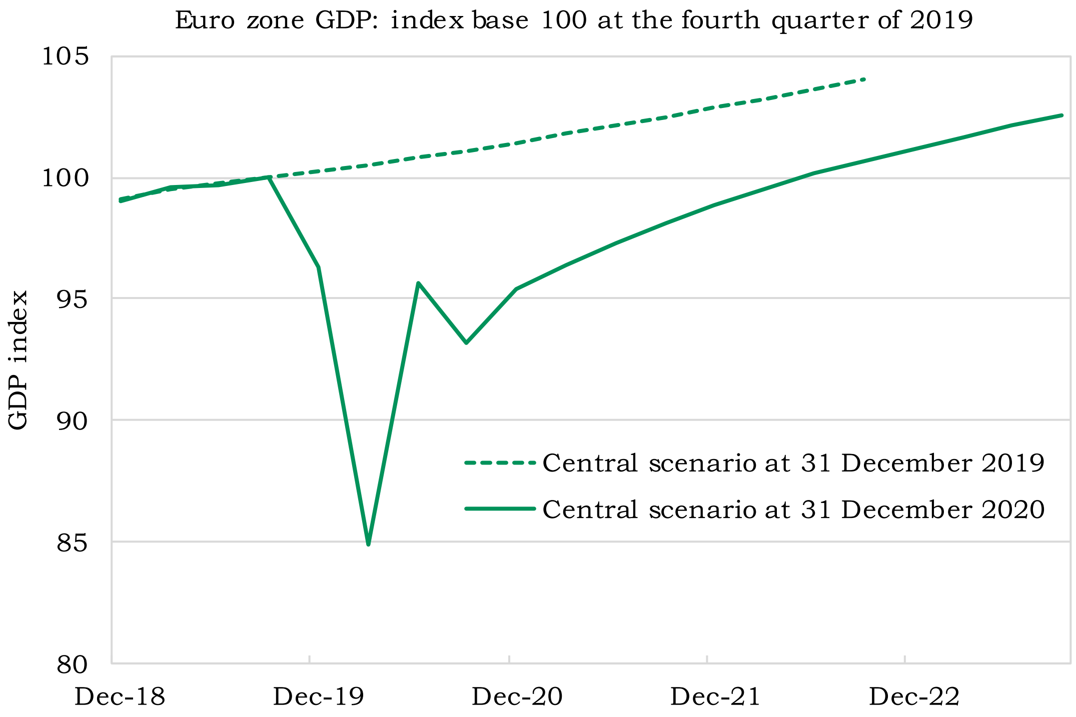
As from 31 December 2020, in addition to the geographic breakdown, prospective parameters are detailed at sector level to better reflect the heterogeneity of economic trajectories in conjunction with lockdown measures and the partial interruption in activity;

- 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 starting point consists of a shock on GDP. This shock is applied with variable magnitudes, but at the same time to economies as the crisis is considered to be a global crisis. Generally, these assumptions are broadly consistent with those proposed by the regulators. The calibration of shocks on other variables (unemployment, consumer prices, interest rates etc.) is based on models and expert judgment;
- a favourable scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path. To achieve an unbiased estimation of provisions, the favourable scenario is designed in such a way that the probability of the shock on GDP growth (on average over the cycle) is equal to the probability of the corresponding shock in the adverse scenario. The magnitude of favourable GDP shocks generally corresponds to 80%-95% of the magnitude of adverse GDP shocks. Other variables (unemployment, inflation, interest rates) are defined in the same way as in the adverse scenario.

Factoring the specific features of the health crisis in the baseline scenario:

After a historical drop in the first half of 2020, followed by a marked rebound in the third quarter, activity fell again in the fourth quarter, reflecting stricter measures implemented by governments (including lockdowns in some European countries) due to the increase in Covid-19 cases. However, this fall is less pronounced than the shock in the second quarter thanks to government and central bank measures taken to limit the impact of the crisis on the economic activity. In 2021, a favourable trend in growth rates is expected, reflecting: a) a mechanical catch-up; b) government and central bank measures; c) positive developments in terms of vaccines. The pace of growth is expected to normalise in 2022 and 2023, and activity is expected to return to pre-crisis levels in 2022 in most mature economies.

The graph below presents a comparison between GDP projections used in the baseline scenario for the calculation of ECLs as at 31 December 2019 and 31 December 2020.



Return to the 4th quarter 2019 level of GDP

	31 December 2020
France	4th quarter 2022
Italy	4th quarter 2023
Belgium	4th quarter 2022
Germany	2nd quarter 2022
Euro zone	3rd quarter 2022
United States	4th quarter 2021

These assumptions are close to the European Central Bank's scenario for the euro zone, which also assumes a return to pre-crisis GDP level in the third quarter of 2022.

Adverse Scenario

The adverse scenario supposes the materialisation of certain risks for the economy, resulting in a much less favourable economic path than in the baseline scenario.

In the current context, the dominant risk is that the health crisis does not vanish as smoothly as expected in the baseline scenario and that the economy weakens again.

Two main developments could lead to this negative outcome: a) a less favourable health crisis evolution than expected; b) a more severe economic fallout than assumed (e.g. higher unemployment and bankruptcy).

Beyond this dominant risk, the following risks appear strengthened in the context of the health crisis:

- **Extended crisis due to weaker demand**: the health crisis could trigger a more "classic", and therefore longer crisis, if it results in significant damage to the economy (e.g. higher unemployment rate, higher number of bankruptcies, etc.) which significantly affect domestic demand. This could notably occur when governments reduce or stop to fiscal measures aimed at helping households and businesses during the crisis (e.g. job retention schemes, extended unemployment benefits, State-guaranteed loans), or if certain key sectors for a given region or country are severely impacted by the crisis (e.g. foreign tourism).
- **Pressure on financial institutions' profitability:** the health crisis leads to an increase in the number of borrowers in greater difficulty when it comes to repaying their debt, especially with the withdrawal or scaling back of government support measures. In addition, possible financial turbulences and extremely low interest rates might weigh on banking profitability.
- **New financial market corrections:** the health crisis has already had a major impact on the value of certain financial assets. Depending on how the health crisis evolves, additional corrections could affect some markets.
- **Tensions related to public finances:** given the extent of the contraction in activity and the amount of fiscal support that will be provided by governments to compensate for this major shock, debt-to-GDP ratios are bound to increase substantially in some countries and reach unprecedented levels. Although current extremely accommodating monetary policies are limiting this risk now, a sharp deterioration in public finance metrics could lead to future tensions on the financial markets and austerity measures in certain countries. Such developments could lead to a knock-on negative effect on activity.
- **Further difficulties in China:** given the weight of the Chinese economy, any further deterioration in activity would impact global financial markets, global trade and commodities prices.

- **Emerging markets in difficulty:** some emerging markets suffering from economic imbalances and domestic political difficulties, a strong US dollar and deteriorating international relations, could be further adversely impacted by the health crisis.

Other risks, not directly linked to the health crisis, were also embedded in the adverse scenario:

- **Trade risks:** in the short term, risks generated by the trade confrontation between the United States and China look less acute. However, disagreements regarding intellectual property protection, technology transfers or industrial policies are likely to persist. The United States and other mature economies are also likely to try to become less reliant on China in some areas that are deemed strategic, following the health crisis. Tensions related to trade and globalisation are therefore likely to remain. Unfavourable developments remain a risk for the coming quarters.
- **Brexit-related risks:** late in December 2020, the European Union and the United Kingdom signed a free trade agreement. This deal, which still has to be ratified by the European parliament, is provisionally applied from 1 January to 28 February 2021. Although a “hard-Brexit” was avoided, significant changes impact the European Union and United Kingdom trade (major non-tariff barriers) and financial relationships. Logistical and operational hurdles which are not totally integrated today cannot be excluded. A higher level of uncertainty (which is detrimental to investment and spending), weaker trade dynamics, financial tensions, and negative developments on the real estate market are factored in the adverse scenario.
- **Geopolitical risks:** Middle East tensions have the potential to weigh on the global economy through shocks on commodities prices and business confidence.

It is assumed that these latent risks will materialise as from the second quarter of 2021, triggered by an extension of the health crisis.

Among OECD countries, GDP levels in the adverse scenario are between 5.8% and 12% lower than in the baseline scenario at the end of the shock period (three years), depending on the country with a deviation of -7.1% on average in the euro zone and -5.8% in the United States.

Scenario weighting and cost of risk sensitivity:

At 31 December 2020, the weighting of the Group’s adverse scenario is 16% (34% for the favourable scenario), versus 26% at 31 December 2019 (24% for the favourable scenario), reflecting a below average position in the credit cycle at 31 December 2020, in the context of the current health crisis and the associated lockdown measures.

The application of an equal weighting to the favourable and adverse scenarios (25%) provides an estimate of 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. This would lead to an increase of around EUR 130 million, or 2% of the expected losses. The application of these weightings does not change the classification of these facilities in the various stages at the closing date.

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

The measurement of the impact of macroeconomic scenarios on expected credit losses has been adjusted to reflect the specificities of the current health crisis. Given the exceptional nature of the shock in the first semester of 2020 linked to the temporary lockdown measures and strong support provided by governments and central banks, macroeconomic parameters for each country or geographic area included in the pre-existing models (calibrated on past crises) have been adapted in order to extract the information on the medium-term impacts on macroeconomic environment and thus minimize excessive short-term volatility.

In the euro zone, the medium-term perspective adopted for the baseline scenario reduces the destruction of value over the period, for an amount much lower than that of the support programs announced by governments and the European Central Bank.

Conservative adjustments were also 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 programs, such as the increase in deposits and the decrease in past due events for retail customers and entrepreneurs.

For the new loans secured by a state guarantee (mostly in French Retail Banking), the computation of expected credit losses has been adjusted accordingly.

For the specific business of consumer finance, projections of migration to default have been adapted in order to reflect, by country, the specific characteristics of this client segment. Loans benefiting from moratorium measures were analysed in specific risk classes.

Besides, the absence of a general maturity extension scheme for individuals, notably in France, led to classify as forborne the loans that benefited from accompanying measures that were not initially provided for under the contract. However, these measures were not considered as an automatic criterion for transfer to stage 2.

- **Cost of credit risk for the period**

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net allowances to impairment	(5,358)	(2,649)
Recoveries on loans and receivables previously written off	457	429
Losses on irrecoverable loans	(816)	(983)
Total cost of risk for the period	**(5,717)**	**(3,203)**

Cost of risk for the period by accounting categories and asset type

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Cash and balances at central banks	(5)	(1)
Financial instruments at fair value through profit or loss	(181)	4
Financial assets at fair value through equity	(6)	
Financial assets at amortised cost	(5,249)	(3,050)
Loans and receivables	*(5,215)*	*(3,057)*
Debt securities	*(34)*	*7*
Other assets	(17)	(4)
Financing and guarantee commitments and other items	(259)	(152)
Total cost of risk for the period	**(5,717)**	**(3,203)**
Cost of risk on unimpaired assets and commitments	*(1,404)*	*37*
of which stage 1	*(895)*	*(161)*
of which stage 2	*(509)*	*198*
Cost of risk on impaired assets and commitments - stage 3	*(4,313)*	*(3,240)*

- **Credit risk impairment**

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

In millions of euros	31 December 2019	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2020
Assets impairment					
Amounts due from central banks	15	5		(3)	17
Financial instruments at fair value through profit or loss	149	151	(120)	(32)	148
Impairment of assets at fair value through equity	141	7	(11)	(5)	132
Financial assets at amortised cost	21,411	4,961	(3,392)	(1,276)	21,704
Loans and receivables	*21,277*	*4,927*	*(3,391)*	*(1,267)*	*21,546*
Debt securities	*134*	*34*	*(1)*	*(9)*	*158*
Other assets	90	20	(3)	(3)	104
Total impairment of financial assets	**21,806**	**5,144**	**(3,526)**	**(1,319)**	**22,105**
of which stage 1	*1,676*	*793*	*(12)*	*(78)*	*2,379*
of which stage 2	*3,145*	*414*	*(15)*	*(378)*	*3,166*
of which stage 3	*16,985*	*3,937*	*(3,499)*	*(863)*	*16,560*
Provisions recognised as liabilities					
Provisions for commitments	818	212	(24)	(42)	964
Other provisions	416	2	(36)	1	383
Total provisions recognised for credit commitments	**1,234**	**214**	**(60)**	**(41)**	**1,347**
of which stage 1	*259*	*78*		*(18)*	*319*
of which stage 2	*225*	*80*		*(8)*	*297*
of which stage 3	*750*	*56*	*(60)*	*(15)*	*731*
Total impairment and provisions	**23,040**	**5,358**	**(3,586)**	**(1,360)**	**23,452**

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

In millions of euros,	31 December 2018	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2019
Assets impairment					
Amounts due from central banks	15	1		(1)	15
Financial instruments at fair value through profit or loss	191	(39)		(3)	149
Impairment of assets at fair value through equity	140			1	141
Financial assets at amortised cost	24,362	2,582	(5,560)	27	21,411
Loans and receivables	*24,232*	*2,591*	*(5,560)*	*14*	*21,277*
Debt securities	*130*	*(9)*		*13*	*134*
Other assets	80	10			90
Total impairment of financial assets	**24,788**	**2,554**	**(5,560)**	**24**	**21,806**
of which stage 1	*1,581*	*124*	*(2)*	*(27)*	*1,676*
of which stage 2	*3,325*	*(210)*	*(10)*	*40*	*3,145*
of which stage 3	*19,882*	*2,640*	*(5,548)*	*11*	*16,985*
Provisions recognised as liabilities					
Provisions for commitments	775	45		(2)	818
Other provisions	417	50	(32)	(19)	416
Total provisions recognised for credit commitments	**1,192**	**95**	**(32)**	**(21)**	**1,234**
of which stage 1	*237*	*22*			*259*
of which stage 2	*220*	*5*			*225*
of which stage 3	*735*	*68*	*(32)*	*(21)*	*750*
Total impairment and provisions	**25,980**	**2,649**	**(5,592)**	**3**	**23,040**

Change in impairment of amortised cost financial assets during the period (EU CR-2)

In millions of euros	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 2019	**1,641**	**3,123**	**16,647**	**21,411**
Net allowance to impairment	**788**	**408**	**3,765**	**4,961**
Financial assets purchased or originated during the period	605	372		977
Financial assets derecognised during the period [(1)]	(346)	(619)	(607)	(1,572)
Transfer to stage 2	(154)	2,035	(412)	1,469
Transfer to stage 3	(24)	(764)	2,524	1,736
Transfer to stage 1	116	(818)	(64)	(766)
Other allowances / reversals without stage transfer [(2)]	591	202	2,324	3,117
Impairment provisions used	**(12)**	**(15)**	**(3,365)**	**(3,392)**
Effect of exchange rate movements and other items	**(74)**	**(374)**	**(828)**	**(1,276)**
At 31 December 2020	**2,343**	**3,142**	**16,219**	**21,704**

[(1)] including disposals

[(2)] including amortisation

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

In millions of euros	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 2018	**1,549**	**3,302**	**19,511**	**24,362**
Net allowance to impairment	**123**	**(208)**	**2,667**	**2,582**
Financial assets purchased or originated during the period	580	369	3	952
Financial assets derecognised during the period [(1)]	(263)	(483)	(809)	(1,555)
Transfer to stage 2	(148)	2,130	(476)	1,506
Transfer to stage 3	(17)	(873)	2,267	1,377
Transfer to stage 1	150	(1,039)	(79)	(968)
Other allowances / reversals without stage transfer [(2)]	(179)	(312)	1,761	1,270
Impairment provisions used	**(2)**	**(9)**	**(5,549)**	**(5,560)**
Effect of exchange rate movements and other items	**(29)**	**38**	**18**	**27**
At 31 December 2019	**1,641**	**3,123**	**16,647**	**21,411**

[(1)] including disposals

[(2)] including amortisation

2.i CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	in millions of euros	tax rate	in millions of euros	tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France [(1)]	**(3,008)**	**32.0%**	**(4,003)**	**34.4%**
Impact of differently taxed foreign profits	415	-4.4%	541	-4.7%
Impact of changes in tax rates			77	-0.7%
Impact of dividends and disposals taxed at reduced rate	170	-1.8%	571	-4.9%
Impact of the non-deductibility of taxes and bank levies [(2)]	(262)	2.8%	(218)	1.9%
Impact of previously unrecognised deferred taxes (tax losses and temporary differences)	94	-1.0%	76	-0.7%
Impact of using tax losses for which no deferred tax asset was previously recognised			4	-
Other items	184	-1.9%	141	-1.1%
Corporate income tax expense	**(2,407)**	**25.6%**	**(2,811)**	**24.2%**
Current tax expense for the year to 31 December	*(2,391)*		*(2,615)*	
Deferred tax expense for the year to 31 December (note 4.k)	*(16)*		*(196)*	

[(1)] Restated for the share of profits in equity-method entities and goodwill impairment.

[(2)] Contribution to the Single Resolution Fund and other non-deductible banking taxes.

3. SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions, Arval and New Digital Businesses). International Financial Services is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States, as well as Personal Finance and the Insurance and Wealth and Asset Management activities (Wealth Management, Asset Management and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation and adaptation costs relating to the Group's cross-business savings programs.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 11 % of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

- **Income by business segment**

In millions of euros	Year to 31 Dec. 2020						Year to 31 Dec. 2019					
	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income
Retail Banking & Services												
Domestic Markets												
French Retail Banking [1]	**5,667**	(4,353)	(487)	**827**	38	**865**	**6,050**	(4,461)	(324)	**1,266**	7	**1,273**
BNL banca commerciale [1]	**2,586**	(1,697)	(524)	**365**	(2)	**363**	**2,690**	(1,753)	(490)	**447**	(5)	**443**
Belgian Retail Banking [1]	**3,267**	(2,307)	(230)	**731**	31	**762**	**3,353**	(2,378)	(56)	**919**	10	**929**
Other Domestic Markets activities [1]	**3,412**	(1,911)	(205)	**1,297**	(13)	**1,284**	**3,169**	(1,847)	(146)	**1,175**	(10)	**1,165**
International Financial Services												
Personal Finance	**5,485**	(2,756)	(1,997)	**732**	(61)	**672**	**5,796**	(2,857)	(1,354)	**1,585**	18	**1,602**
International Retail Banking												
Europe-Mediterranean [1]	**2,346**	(1,704)	(437)	**206**	187	**392**	**2,690**	(1,794)	(399)	**497**	231	**728**
BancWest [1]	**2,399**	(1,685)	(322)	**392**		**392**	**2,309**	(1,674)	(148)	**487**	(3)	**484**
Insurance	**2,725**	(1,463)	(1)	**1,261**	121	**1,382**	**3,068**	(1,500)	(3)	**1,564**	152	**1,716**
Wealth and Asset Management	**2,982**	(2,510)	(17)	**455**	128	**583**	**3,320**	(2,682)	(6)	**632**	63	**695**
Corporate & Institutional Banking												
Corporate Banking	**4,727**	(2,623)	(1,308)	**796**	9	**806**	**4,312**	(2,599)	(223)	**1,490**	13	**1,503**
Global Markets	**6,819**	(4,452)	(117)	**2,250**	4	**2,254**	**5,571**	(4,231)	2	**1,341**	(6)	**1,334**
Securities Services	**2,217**	(1,845)	1	**373**	21	**394**	**2,198**	(1,833)	4	**369**		**370**
Other Activities	**(358)**	(890)	(72)	**(1,321)**	994	**(327)**	**71**	(1,728)	(58)	**(1,715)**	867	**(848)**
Total Group	**44,275**	**(30,194)**	**(5,717)**	**8,364**	**1,458**	**9,822**	**44,597**	**(31,337)**	**(3,203)**	**10,057**	**1,337**	**11,394**

[1] French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Germany, Turkey, Poland and the United States.

- **Net commission income by business segment, including fees accounted for under « Net income from insurance activities »**

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Retail Banking & Services		
Domestic Markets		
French Retail Banking (1)	2,461	2,558
BNL banca commerciale (1)	991	1,025
Belgian Retail Banking (1)	877	813
Other Domestic Markets activities (1)	553	376
International Financial Services		
Personal Finance	831	799
International Retail Banking	787	880
Europe Mediterranean (1)	*470*	*578*
BancWest (1)	*317*	*302*
Insurance	(3,203)	(3,448)
Wealth and Asset Management	2,063	2,207
Corporate & Institutional Banking		
Corporate Banking	2,061	1,545
Global Markets	(835)	(790)
Securities Services	1,317	1,309
Other activities	26	48
Total Group	**7,930**	**7,323**

(1) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Germany, Turkey, Poland and the United States.

- **Assets and liabilities by business segment**

In millions of euros	31 December 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Retail Banking & Services				
Domestic Markets	**555,556**	**588,095**	**480,313**	**498,948**
French Retail Banking	212,821	235,018	195,462	198,097
BNL banca commerciale	89,638	87,647	81,276	69,821
Belgian Retail Banking	180,371	201,786	140,127	173,097
Other Domestic Markets activities	72,726	63,644	63,448	57,933
International Financial Services	**520,533**	**466,272**	**520,772**	**456,074**
Personal Finance	90,152	22,848	93,526	22,133
International Retail Banking	131,893	124,023	136,714	124,774
Europe-Mediterranean	*57,584*	*51,689*	*58,901*	*53,642*
BancWest	*74,309*	*72,334*	*77,813*	*71,132*
Insurance	265,356	249,967	257,818	240,061
Wealth and Asset Management	33,132	69,434	32,714	69,106
Corporate and Institutional Banking	**1,032,269**	**1,157,842**	**891,207**	**958,488**
Other Activities	**380,133**	**276,282**	**272,421**	**251,203**
Total Group	**2,488,491**	**2,488,491**	**2,164,713**	**2,164,713**

Information by business segment relating to goodwill is presented in note 4.o Goodwill.

- **Information by geographic area**

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses.

- Revenues by geographic area

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Europe	31,957	33,495
North America	5,719	4,664
Asia & Pacific	3,799	3,210
Others	2,800	3,228
Total Group	**44,275**	**44,597**

- Assets and liabilities, in contribution to the consolidated accounts, by geographic area

In millions of euros	31 December 2020	31 December 2019
Europe	2,016,720	1,722,658
North America	256,966	256,269
Asia & Pacific	167,526	133,403
Others	47,279	52,383
Total Group	**2,488,491**	**2,164,713**

4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2020

4.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 Group as at fair value through profit or loss at the time of issuance and of non-trading instruments which characteristics prevent their accounting at amortised cost or at fair value through equity.

In millions of euros	31 December 2020				31 December 2019			
	Financial instruments held for trading	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total	Financial instruments held for trading	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total
Securities	160,632	347	6,948	167,927	124,224		7,711	131,935
Loans and repurchase agreements	243,938		940	244,878	195,554		1,373	196,927
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**404,570**	**347**	**7,888**	**412,805**	**319,778**	**-**	**9,084**	**328,862**
Securities	94,263			94,263	65,490			65,490
Deposits and repurchase agreements	286,741	1,854		288,595	212,712	2,381		215,093
Issued debt securities (note 4.h)		64,048		64,048		63,758		63,758
of which subordinated debt		*851*		*851*		*893*		*893*
of which non subordinated debt		*56,882*		*56,882*		*56,636*		*56,636*
of which debt representative of shares of consolidated funds held by third parties		*6,315*		*6,315*		*6,229*		*6,229*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**381,004**	**65,902**		**446,906**	**278,202**	**66,139**		**344,341**

Detail of these assets and liabilities is provided in note 4.d.

- **Financial liabilities designated as at fair value through profit or loss**

Financial liabilities 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, which 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 31 December 2020 was EUR 60,065 million (EUR 58,729 million at 31 December 2019).

- **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 Group 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 actively trades in derivatives. Transactions include trades in “ordinary” instruments such as credit default 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 Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS.

In millions of euros	31 December 2020		31 December 2019	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	151,201	142,509	148,157	130,411
Foreign exchange derivatives	83,246	85,298	60,172	57,758
Credit derivatives	8,152	8,666	8,659	9,242
Equity derivatives	29,271	42,134	25,480	35,841
Other derivatives	4,909	4,001	4,819	4,633
Derivative financial instruments	**276,779**	**282,608**	**247,287**	**237,885**

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 the Group’s activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

In millions of euros	31 December 2020				31 December 2019			
	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	1,338,251	8,962,795	4,569,738	14,870,784	1,275,283	8,554,782	5,224,422	15,054,487
Foreign exchange derivatives	26,929	94,633	5,507,868	5,629,430	17,125	71,944	4,989,986	5,079,055
Credit derivatives		376,689	558,222	934,911		348,880	591,827	940,707
Equity derivatives	697,858		461,793	1,159,651	788,587		592,450	1,381,037
Other derivatives	70,830		54,494	125,324	151,049		85,006	236,055
Derivative financial instruments	**2,133,868**	**9,434,117**	**11,152,115**	**22,720,100**	**2,232,044**	**8,975,606**	**11,483,691**	**22,691,341**

In the framework of its client clearing activity, the Group guarantees the risk of default of its clients to central counterparties. The corresponding notional amount is EUR 749 billion as at 31 December 2020 (EUR 936 billion as at 31 December 2019).

4.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the notional amounts and the fair value of derivatives used for hedging purposes.

In millions of euros	31 December 2020			31 December 2019		
	Notional amounts	Positive fair value	Negative fair value	Notional amounts	Positive fair value	Negative fair value
Fair value hedges	**757,650**	**13,100**	**12,764**	**741,647**	**10,702**	**13,113**
Interest rate derivatives	748,871	12,830	12,594	732,683	10,583	12,964
Foreign exchange derivatives	8,779	270	170	8,964	119	149
Cash flow hedges	**205,208**	**2,489**	**505**	**179,237**	**1,744**	**984**
Interest rate derivatives	55,065	1,947	300	67,143	1,476	340
Foreign exchange derivatives	149,807	529	152	111,773	236	613
Other derivatives	336	13	53	321	32	31
Net foreign investment hedges	**1,937**	**11**	**51**	**4,863**	**6**	**19**
Foreign exchange derivatives	1,937	11	51	4,863	6	19
Derivatives used for hedging purposes	**964,795**	**15,600**	**13,320**	**925,747**	**12,452**	**14,116**

Interest rate risk and foreign exchange risk management strategies will be described in Chapter 5 – Pillar 3 of the registration document (section 5.7 – *Market risk – Market risk related to banking activities*). Quantitative information related to foreign currency borrowings used for net investment hedges is also mentioned in this chapter.

The table below presents the detail of fair value hedge relationships for identified financial instruments and portfolios of financial instruments that are continuing as at 31 December 2020 :

In millions of euros, as at 31 December 2020	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffective-ness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
Fair value hedges of identified instruments	**281,520**	**4,553**	**7,353**	**(733)**	**115,138**	**4,815**	**110,552**	**4,380**
Interest rate derivatives hedging the interest rate risk related to	**274,089**	**4,290**	**7,244**	**(824)**	**111,600**	**4,798**	**106,785**	**4,274**
Loans and receivables	18,124	92	545	(502)	18,200	502		
Securities	113,543	1,108	6,186	(4,553)	93,401	4,296		
Deposits	13,073	558	152	531			13,193	531
Debt securities	129,349	2,532	361	3,700			93,592	3,743
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**7,431**	**263**	**109**	**91**	**3,538**	**17**	**3,767**	**106**
Loans and receivables	2,009	126	2	(13)	1,851	13		
Securities	1,666	16	32	(4)	1,687	4		
Deposits	185	14		12			203	12
Debt securities	3,571	107	75	96			3,564	95
Interest-rate risk hedged portfolios	**476,130**	**8,547**	**5,411**	**1,849**	**111,090**	**4,367**	**173,716**	**6,134**
Interest rate derivatives hedging the interest rate risk related to [(1)]	**474,782**	**8,540**	**5,350**	**1,861**	**109,820**	**4,355**	**173,716**	**6,134**
Loans and receivables	187,109	1,200	4,364	(4,590)	109,820	4,355		
Deposits	287,672	7,340	986	6,452			173,716	6,134
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**1,348**	**7**	**61**	**(12)**	**1,270**	**12**		
Loans and receivables	1,348	7	61	(12)	1,270	12		
Total fair value hedge	**757,650**	**13,100**	**12,764**	**1,116**	**226,228**	**9,182**	**284,268**	**10,514**

(1) Are included in this section the notional amounts of hedging derivatives and of swaps that reverse the interest rate positions, thus reducing the hedge relationship, when the hedged item still exists, for respectively EUR 60,447 million for derivatives hedging loans and receivables and EUR 107,437 million for derivatives hedging deposits.

The table below presents the detail of fair value hedge relationships for identified financial instruments and portfolios of financial instruments that are continuing as at 31 December 2019 :

In millions of euros, as at 31 December 2019	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffective-ness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
Fair value hedges of identified instruments	**250,198**	**4,249**	**6,825**	**(322)**	**112,836**	**3,442**	**104,315**	**3,310**
Interest rate derivatives hedging the interest rate risk related to	**242,612**	**4,170**	**6,697**	**(358)**	**110,439**	**3,443**	**98,717**	**3,267**
Loans and receivables	24,185	66	591	(601)	24,268	602		
Securities	91,644	1,116	5,746	(2,940)	86,171	2,841		
Deposits	17,291	929	(36)	629			17,793	685
Debt securities	109,492	2,059	396	2,554			80,924	2,582
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**7,586**	**79**	**128**	**36**	**2,397**	**(1)**	**5,598**	**43**
Loans and receivables	1,380		1	(2)	1,278	1		
Securities	1,036	14	11	(3)	1,119	(2)		
Deposits	594	20	35	(28)			457	(27)
Debt securities	4,576	45	81	69			5,141	70
Interest-rate risk hedged portfolios	**491,449**	**6,453**	**6,288**	**(302)**	**133,606**	**4,255**	**170,673**	**3,940**
Interest rate derivatives hedging the interest rate risk related to [(1)]	**490,071**	**6,413**	**6,267**	**(279)**	**132,342**	**4,229**	**170,673**	**3,940**
Loans and receivables	223,102	762	5,326	(4,538)	132,342	4,229		
Deposits	266,969	5,651	941	4,259			170,673	3,940
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**1,378**	**40**	**21**	**(23)**	**1,264**	**26**		
Loans and receivables	1,378	40	21	(23)	1,264	26		
Total fair value hedge	**741,647**	**10,702**	**13,113**	**(624)**	**246,442**	**7,697**	**274,988**	**7,250**

[(1)] Are included in this section the notional amounts of hedging derivatives and of swaps that reverse the interest rate positions, thus reducing the hedge relationship, when the hedged item still exists, for respectively EUR 69,179 million for derivatives hedging loans and receivables and EUR 81,351 million for derivatives hedging deposits.

An asset or a liability or set of assets and liabilities, can be hedged over several periods of time with different derivative financial instruments. Besides, some hedges are achieved by the combination of two derivative instruments. In this case, the notional amounts add up and their total amount is higher than the hedged amount. The first situation is observed more particularly for interest rate risk hedged portfolios and the second for hedges of issued debt securities.

As regards discontinued fair value hedge relationships where the derivative contract was terminated, the cumulated amount of revaluation remaining to be amortised over the residual life of the hedged instruments amounts to EUR 1,194 million in assets as at 31 December 2020, and to EUR 18 million in liabilities, for hedges of portfolios of financial instruments. At 31 December 2019, these amounts were EUR 47 million in assets and 49 million in liabilities.
The change in assets is mainly due to a modification in hedging strategy which entailed the replacement of derivatives hedging portfolios of loans and receivables in order to modify the floating rate fixing frequency of the swaps. Both the terminated swaps and the new hedging swaps have the same notional. The maturity of the related hedged items spreads out until 2040.

The notional amount of cash flow hedge derivatives is EUR 205,208 million as at 31 December 2020. Changes in assets and liabilities recognised directly in equity amount to EUR 2,009 million. At 31 December 2019, the notional amount of cash flow hedge derivatives was EUR 179,237 million and the changes in assets and liabilities recognised directly in equity amount was EUR 1,416 million.

The tables below present the nominal amounts of hedging derivatives by maturity as at 31 December 2019 and as at 31 December 2020 :

In millions of euros, as at 31 December 2020	Maturity date			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Fair value hedges	**164,828**	**341,676**	**251,146**	**757,650**
Interest rate derivatives	162,184	336,020	250,667	748,871
Foreign exchange derivatives	2,644	5,656	479	8,779
Cash flow hedges	**145,237**	**40,142**	**19,829**	**205,208**
Interest rate derivatives	11,289	29,053	14,723	55,065
Foreign exchange derivatives	133,788	10,913	5,106	149,807
Other derivatives	160	176		336
Net foreign investment hedges	**1,737**	**200**	**-**	**1,937**
Foreign exchange derivatives	1,737	200		1,937

In millions of euros, as at 31 December 2019	Maturity date			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Fair value hedges	**160,731**	**330,600**	**250,316**	**741,647**
Interest rate derivatives	157,154	326,038	249,491	732,683
Foreign exchange derivatives	3,577	4,562	825	8,964
Cash flow hedges	**116,676**	**38,757**	**23,804**	**179,237**
Interest rate derivatives	18,330	30,475	18,338	67,143
Foreign exchange derivatives	98,205	8,102	5,466	111,773
Other derivatives	141	180		321
Net foreign investment hedges	**4,156**	**617**	**90**	**4,863**
Foreign exchange derivatives	4,156	617	90	4,863

4.c FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

In millions of euros	31 December 2020		31 December 2019	
	Fair value	of which changes in value taken directly to equity	Fair value	of which changes in value taken directly to equity
Debt securities	**55,981**	**613**	**50,403**	**161**
Governments	30,989	414	29,820	176
Other public administrations	17,970	244	13,782	68
Credit institutions	5,140	(39)	4,323	(80)
Others	1,882	(6)	2,478	(3)
Equity securities	**2,209**	**535**	**2,266**	**565**
Total financial assets at fair value through equity	**58,190**	**1,148**	**52,669**	**726**

Debt securities at fair value through equity include EUR 108 million classified as stage 3 at 31 December 2020 (EUR 117 million at 31 December 2019). For these securities, the credit impairment recognised in the profit and loss account has been charged to the negative changes in value recognised in equity for EUR 104 million at 31 December 2020 (EUR 113 million at 31 December 2019).

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 Group is required to hold in order to carry out certain activities.

During the year ended 31 December 2020, the Group sell one of these investments and an unrealised gain of EUR 84 million was transferred to “retained earnings”.
During the year ended 31 December 2019, the Group did not sell any of these investments.

4.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

VALUATION PROCESS

BNP Paribas 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 add valuation adjustments.

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 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 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 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 collateralised 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, 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).

Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 408 million as at 31 December 2020, compared with an increase in value of EUR 220 million as at 31 December 2019, i.e. a EUR 188 million variation recognised directly in equity that will not be reclassified to profit or 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.e.10), 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	31 December 2020											
	Financial instruments held for trading				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
Securities	135,850	24,386	396	160,632	671	1,659	4,965	7,295	43,538	13,505	1,147	58,190
Governments	81,126	7,464		88,590				-	27,188	3,801		30,989
Other debt securities	18,264	16,305	137	34,706		1,141	401	1,542	15,109	9,491	392	24,992
Equities and other equity securities	36,460	617	259	37,336	671	518	4,564	5,753	1,241	213	755	2,209
Loans and repurchase agreements	-	243,567	371	243,938	-	218	722	940	-	-	-	-
Loans		4,299		4,299		218	722	940				
Repurchase agreements		239,268	371	239,639				-				
FINANCIAL ASSETS AT FAIR VALUE	135,850	267,953	767	404,570	671	1,877	5,687	8,235	43,538	13,505	1,147	58,190
Securities	92,298	1,823	142	94,263	-	-	-	-				
Governments	66,489	252		66,741				-				
Other debt securities	9,990	1,495	47	11,532				-				
Equities and other equity securities	15,819	76	95	15,990				-				
Borrowings and repurchase agreements	-	285,766	975	286,741	-	1,709	145	1,854				
Borrowings		1,654		1,654		1,709	145	1,854				
Repurchase agreements		284,112	975	285,087				-				
Issued debt securities *(note 4.h)*	-	-	-	-	5,240	40,839	17,968	64,048				
Subordinated debt *(note 4.h)*				-		851		851				
Non subordinated debt (note 4.h)				-		38,913	17,968	56,882				
Debt representative of shares of consolidated funds held by third parties				-	5,240	1,075		6,315				
FINANCIAL LIABILITIES AT FAIR VALUE	92,298	287,589	1,117	381,004	5,240	42,548	18,113	65,901				

In millions of euros	31 December 2019											
	Financial instruments held for trading				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
Securities	98,940	24,927	357	124,224	681	2,106	4,924	7,711	32,812	18,645	1,212	52,669
Governments	46,620	11,027		57,647		245		245	20,627	9,652		30,279
Other debt securities	12,449	13,799	218	26,466		1,283	367	1,650	11,043	8,780	301	20,124
Equities and other equity securities	39,871	101	139	40,111	681	578	4,557	5,816	1,142	213	911	2,266
Loans and repurchase agreements	-	195,420	134	195,554	-	514	859	1,373	-	-	-	-
Loans		3,329		3,329		514	859	1,373				
Repurchase agreements		192,091	134	192,225				-				
FINANCIAL ASSETS AT FAIR VALUE	98,940	220,347	491	319,778	681	2,620	5,783	9,084	32,812	18,645	1,212	52,669
Securities	62,581	2,800	109	65,490	-	-	-	-				
Governments	41,811	1,265		43,076				-				
Other debt securities	6,294	1,509	31	7,834				-				
Equities and other equity securities	14,476	26	78	14,580				-				
Borrowings and repurchase agreements	-	212,379	333	212,712	-	2,202	179	2,381				
Borrowings		2,865		2,865		2,202	179	2,381				
Repurchase agreements		209,514	333	209,847				-				
Issued debt securities *(note 4.h)*	-	-	-	-	4,458	40,661	18,639	63,758				
Subordinated debt *(note 4.h)*				-		893		893				
Non subordinated debt *(note 4.h)*				-		37,997	18,639	56,636				
Debt representative of shares of consolidated funds held by third parties				-	4,458	1,771		6,229				
FINANCIAL LIABILITIES AT FAIR VALUE	62,581	215,179	442	278,202	4,458	42,863	18,818	66,139				

In millions of euros	31 December 2020							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	167	149,474	1,560	151,201	280	140,670	1,559	142,509
Foreign exchange derivatives		82,809	437	83,246	2	84,953	343	85,298
Credit derivatives		7,718	434	8,152		8,200	466	8,666
Equity derivatives	11,537	15,853	1,881	29,271	15,461	18,906	7,767	42,134
Other derivatives	988	3,857	64	4,909	747	3,161	93	4,001
Derivative financial instruments not used for hedging purposes	**12,692**	**259,711**	**4,376**	**276,779**	**16,490**	**255,890**	**10,228**	**282,608**
Derivative financial instruments used for hedging purposes	**-**	**15,600**	**-**	**15,600**	**-**	**13,320**	**-**	**13,320**

In millions of euros	31 December 2019							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	139	146,656	1,362	148,157	132	128,927	1,352	130,411
Foreign exchange derivatives	1	59,948	223	60,172	1	57,518	239	57,758
Credit derivatives		8,400	259	8,659		8,871	371	9,242
Equity derivatives	6,871	17,235	1,374	25,480	7,885	21,327	6,629	35,841
Other derivatives	426	4,140	253	4,819	319	4,079	235	4,633
Derivative financial instruments not used for hedging purposes	**7,437**	**236,379**	**3,471**	**247,287**	**8,337**	**220,722**	**8,826**	**237,885**
Derivative financial instruments used for hedging purposes	**-**	**12,452**	**-**	**12,452**	**-**	**14,116**	**-**	**14,116**

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 the year ended 31 December 2020, 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, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, etc.). 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 corporate debt securities, government bonds, 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 for which model uncertainty is not significant 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.

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 the implied basis of the relevant benchmark bond pool, 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 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. 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. Are particularly concerned some insufficiently collateralised vanilla interest rate instruments with very long residual maturity.

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. 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					
Repurchase agreements	371	975	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 pb to 164 pb	36 pb (a)
Interest rate derivatives	1,560	1,559	Hybrid Forex / Interest rates derivatives	Hybrid Forex interest rate option pricing model	Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY	17% to 58%	23 % (a)
			Hybrid inflation rates / Interest rates derivatives	Hybrid inflation interest rate option pricing model	Correlation between interest rates and inflation rates mainly in Europe.	-9% to 20%	4%
			Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.79% to 8.8%	(b)
					Volatility of the year on year inflation rate	0.23% to 2.2%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% to 0.5%	(b)
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modelling Discounted cash flows	Constant prepayment rates	0% to 18%	2.0 % (a)
Credit Derivatives	434	466	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	23.5% to 90.6%	(b)
					Inter-regions default cross correlation	80% to 90%	90% (c)
					Recovery rate variance for single name underlyings	0 to 25 %	(b)
			N-to-default baskets	Credit default model	Default correlation	50% to 85 %	60.8% (a)
			Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	21 pb to 181 pb (1)	106 pb (c)
					Illiquid credit default spread curves (across main tenors)	4 pb to 656 bp (2)	71 pb (c)
Equity Derivatives	1,881	7,767	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 122% (3)	32% (d)
					Unobservable equity correlation	12% to 99%	67% (c)

(1) The upper part of the range relates to a significant balance sheet position on an issuer belonging to the European telecommunication sector. The remaining positions relate mainly to sovereign and financial issuers.
(2) The upper bound of the range relates to a health sector issuer as well as transportation and automotive sector issuers that represent an insignificant portion of the balance sheet (CDSs with illiquid underlying instruments).
(3) The upper part of the range relates to 9 equities representing a non-material portion of the balance sheet on options with equity underlying instruments. Including these inputs, the upper bound of the range would be around 222%.
(a) Weights based on relevant risk axis at portfolio level
(b) No weighting, since no explicit sensitivity is attributed to these inputs
(c) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (present value or notional)
(d) Simple averaging

TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS

For Level 3 financial instruments, the following movements occurred during the year ended 31 December 2020:

In millions of euros	Financial assets				Financial liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments 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	TOTAL
At 31 December 2019	3,962	5,783	1,212	10,957	(9,268)	(18,818)	(28,086)
Purchases	546	1,064	96	**1,706**			**-**
Issues				**-**		(4,656)	**(4,656)**
Sales	(417)	(526)	(6)	**(949)**	8		**8**
Settlements [1]	(1,427)	(72)	(228)	**(1,727)**	(4,715)	5,060	**345**
Transfers to level 3	1,908	3	65	**1,976**	(800)	(2,976)	**(3,776)**
Transfers from level 3	(1,356)	(57)		**(1,413)**	663	3,153	**3,816**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	1,310	(415)		**895**	3,142	470	**3,612**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	638	37		**675**	(399)	(346)	**(745)**
Changes in fair value of assets and liabilities recognised directly in equity							
- Items related to exchange rate movements	(21)	(130)	(6)	**(157)**	24		**24**
- Changes in fair value of assets and liabilities recognised in equity			14	**14**			**-**
At 31 December 2020	5,143	5,687	1,147	11,977	(11,345)	(18,113)	(29,458)

[1] 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 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 for entering into a transaction.

In millions of euros	31 December 2020		31 December 2019	
	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Debt securities	+/-5	+/-3	+/-6	+/-3
Equities and other equity securities	+/-48	+/-8	+/-46	+/-9
Loans and repurchase agreements	+/-13		+/-11	
Derivative financial instruments	+/-620		+/-621	
Interest rate and foreign exchange derivatives	*+/-360*		*+/-394*	
Credit derivatives	*+/-49*		*+/-53*	
Equity derivatives	*+/-199*		*+/-171*	
Other derivatives	*+/-12*		*+/-3*	
Sensitivity of Level 3 financial instruments	**+/-686**	**+/-11**	**+/-684**	**+/-12**

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 not negligible 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 unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant transactions.

In millions of euros	Deferred margin at 31 December 2019	Deferred margin on transactions during the period	Margin taken to the profit and loss account during the period	Deferred margin at 31 December 2020
Interest rate and foreign exchange derivatives	269	79	(104)	244
Credit derivatives	126	189	(141)	174
Equity derivatives	380	554	(520)	414
Other instruments	14	42	(45)	11
Financial instruments	**789**	**864**	**(810)**	**843**

4.e FINANCIAL ASSETS AT AMORTISED COST

- **Detail of loans and advances by nature**

In millions of euros	31 December 2020 Gross value	31 December 2020 Impairment (note 2.h)	31 December 2020 Carrying amount	31 December 2019 Gross value	31 December 2019 Impairment (note 2.h)	31 December 2019 Carrying amount
Loans and advances to credit institutions	**19,082**	**(100)**	**18,982**	**21,793**	**(101)**	**21,692**
On demand accounts	7,241	(12)	7,229	8,002	(13)	7,989
Loans[1]	10,009	(88)	9,921	12,697	(88)	12,609
Repurchase agreements	1,832		1,832	1,094		1,094
Loans and advances to customers	**830,979**	**(21,446)**	**809,533**	**826,953**	**(21,176)**	**805,777**
On demand accounts	37,639	(3,409)	34,230	38,978	(3,187)	35,791
Loans to customers	752,797	(16,888)	735,909	751,109	(16,861)	734,248
Finance leases	39,220	(1,149)	38,071	35,653	(1,128)	34,525
Repurchase agreements	1,323		1,323	1,213		1,213
Total loans and advances at amortised cost	**850,061**	**(21,546)**	**828,515**	**848,746**	**(21,277)**	**827,469**

[1] Loans and advances to credit institutions include term deposits made with central banks.

Contractual maturities of finance leases

In millions of euros	31 December 2020	31 December 2019
Gross investment	**41,899**	**37,970**
Receivable within 1 year	*11,602*	*10,412*
Receivable after 1 year but within 5 years	*26,306*	*22,837*
Receivable beyond 5 years	*3,991*	*4,721*
Unearned interest income	**(2,679)**	**(2,317)**
Net investment before impairment	**39,220**	**35,653**
Receivable within 1 year	*10,675*	*9,655*
Receivable after 1 year but within 5 years	*24,816*	*21,685*
Receivable beyond 5 years	*3,729*	*4,313*
Impairment provisions	**(1,149)**	**(1,128)**
Net investment after impairment	**38,071**	**34,525**

- **Detail of debt securities by type of issuer**

	31 December 2020			31 December 2019		
In millions of euros	Gross value	Impairment (note 2.h)	Carrying amount	Gross value	Impairment (note 2.h)	Carrying amount
Governments	62,044	(22)	62,022	57,743	(21)	57,722
Other public administration	24,248	(2)	24,246	23,794	(3)	23,791
Credit institutions	10,461	(2)	10,459	7,201	(2)	7,199
Others	21,721	(132)	21,589	19,850	(108)	19,742
Total debt securities at amortised cost	**118,474**	**(158)**	**118,316**	**108,588**	**(134)**	**108,454**

- **Detail of financial assets at amortised cost by stage**

	31 December 2020			31 December 2019		
In millions of euros	Gross Value	Impairment (note 2.h)	Carrying amount	Gross Value	Impairment (note 2.h)	Carrying amount
Loans and advances to credit institutions	**19,082**	**(100)**	**18,982**	**21,793**	**(101)**	**21,692**
Stage 1	18,517	(19)	18,498	21,279	(12)	21,267
Stage 2	486	(8)	478	418	(5)	413
Stage 3	79	(73)	6	96	(84)	12
Loans and advances to customers	**830,979**	**(21,446)**	**809,533**	**826,953**	**(21,176)**	**805,777**
Stage 1	707,664	(2,303)	705,361	719,160	(1,600)	717,560
Stage 2	93,244	(3,101)	90,143	78,005	(3,100)	74,905
Stage 3	30,071	(16,042)	14,029	29,788	(16,476)	13,312
Debt securities	**118,474**	**(158)**	**118,316**	**108,588**	**(134)**	**108,454**
Stage 1	117,357	(21)	117,336	107,630	(30)	107,600
Stage 2	847	(33)	814	754	(17)	737
Stage 3	270	(104)	166	204	(87)	117
Total financial assets at amortised cost	**968,535**	**(21,704)**	**946,831**	**957,334**	**(21,411)**	**935,923**

4.f 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.

In millions of euros	31 December 2020			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions (note 4.e)	79	(73)	6	123
Loans and advances to customers (note 4.e)	30,071	(16,042)	14,029	8,978
Debt securities at amortised cost (note 4.e)	270	(104)	166	39
Total amortised-cost impaired assets (stage 3)	**30,420**	**(16,219)**	**14,201**	**9,140**
Financing commitments given	1,001	(83)	918	105
Guarantee commitments given	1,364	(264)	1,100	320
Total off-balance sheet impaired commitments (stage 3)	**2,365**	**(347)**	**2,018**	**425**

In millions of euros	31 December 2019			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions (note 4.e)	96	(84)	12	115
Loans and advances to customers (note 4.e)	29,788	(16,476)	13,312	8,821
Debt securities at amortised cost (note 4.e)	204	(87)	117	45
Total amortised-cost impaired assets (stage 3)	**30,088**	**(16,647)**	**13,441**	**8,981**
Financing commitments given	1,094	(58)	1,036	306
Guarantee commitments given	1,432	(275)	1,157	342
Total off-balance sheet impaired commitments (stage 3)	**2,526**	**(333)**	**2,193**	**648**

The following table present gross exposures of stage 3 assets change:

Gross value In millions of euros	Year to 31 Dec 2020	Year to 31 Dec 2019
Impaired exposures (Stage 3) at opening balance	**30,088**	**34,311**
Transfer to stage 3	8,623	6,650
Transfer to stage 1 or stage 2	(2,306)	(2,412)
Amounts Written off	(4,188)	(6,423)
Others changes	(1,797)	(2,038)
Impaired exposures (Stage 3) at closing balance	**30,420**	**30,088**

4.g FINANCIAL LIABILITIES AT AMORTISED COST DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

In millions of euros	31 December 2020	31 December 2019
Deposits from credit institutions	**147,657**	**84,566**
On demand accounts	8,995	9,072
Interbank borrowings(1)	130,999	68,847
Repurchase agreements	7,663	6,647
Deposits from customers	**940,991**	**834,667**
On demand deposits	613,311	516,862
Savings accounts	156,508	151,600
Term accounts and short-term notes	170,097	165,031
Repurchase agreements	1,075	1,174

(1) Interbank borrowings from credit institutions include term borrowings from central banks, including EUR 101.8 billion of TLTRO III

4.h DEBT SECURITIES AND SUBORDINATED DEBT

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

- **Debt securities designated at fair value through profit or loss (note 4.a)**

Issuer / Issue date In millions of euros	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment (1)	31 December 2020	31 December 2019
Debt securities							**56,882**	**56,636**
Subordinated debt							**851**	**893**
- Redeemable subordinated debt			(2)				**53**	**120**
- Perpetual subordinated debt							**798**	**773**
BNP Paribas Fortis Dec. 2007(3)	EUR	3,000	Dec.-14	3-month Euribor +200 bp		A	798	773

(1) Conditions precedent for coupon payment:

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

(2) After agreement from the banking supervisory authority and at the issuer's initiative, redeemable subordinated debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

(3) 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.
As at 31 December 2020, the liability is eligible to prudential own funds for EUR 205 million.

- **Debt securities measured at amortised cost**

Issuer / Issue date In millions of euros	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment [1]	31 December 2020	31 December 2019
Debt securities							**148,303**	**157,578**
- Debt securities in issue with an initial maturity of less than one year							**48,332**	**60,905**
Negotiable debt securities							48,332	60,905
- Debt securities in issue with an initial maturity of more than one year							**99,971**	**96,673**
Negotiable debt securities							38,720	45,924
Bonds							61,251	50,749
Subordinated debt							**22,474**	**20,003**
- Redeemable subordinated debt			[2]				**20,739**	**18,242**
- Undated subordinated notes							**1,506**	**1,526**
BNP Paribas SA Oct. 85	EUR	305	-	TMO - 0.25%	-	B	254	254
BNP Paribas SA Sept. 86	USD	500	-	6 month-Libor + 0.075%	-	C	224	244
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov. - 25	4.032%	3-month Euribor + 393 bp	D	1,000	1,000
Others							28	28
- Participating notes							**222**	**222**
BNP Paribas SA July 84 [3]	EUR	337	-	[4]	-		215	215
Others							7	7
- Expenses and commission, related debt							**7**	**13**

[1] Conditions precedent for coupon payment

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

[2] See reference relating to "Debt securities at fair value through profit or loss".

[3] The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

[4] Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

4.i FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

In millions of euros	31 December 2020			31 December 2019		
	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts *(financial risk supported by policyholders)*	Total	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts *(financial risk supported by policyholders)*	Total
Financial instruments designated as at fair value through profit or loss	45,867	73,151	119,018	44,292	71,043	115,335
Derivative financial instruments	1,365		1,365	1,115		1,115
Available-for-sale financial assets	130,594		130,594	126,596		126,596
Held-to-maturity financial assets	1,443		1,443	1,914		1,914
Loans and receivables	3,214		3,214	3,089		3,089
Equity-method investments	354		354	359		359
Investment property	2,857	3,732	6,589	3,094	3,464	6,558
Total	**185,694**	**76,883**	**262,577**	**180,459**	**74,507**	**254,966**
Reinsurers' share of technical reserves	2,779		2,779	2,852		2,852
Financial investments of insurance activities	**188,473**	**76,883**	**265,356**	**183,311**	**74,507**	**257,818**

Investments in financial instruments of insurance activities are accounted for according to IAS 39 principles.

The fair value of financial assets with contractual cash-flows corresponding only to payments of principal and interest on principal amounts to EUR 116.4 billion as at 31 December 2020. It amounted to EUR 116.9 billion as at 31 December 2019, which represents a variation of EUR -0.5 billion over the period.

The fair value of other financial assets amounts to EUR 146.5 billion, and corresponds to all financial instruments that do not meet the previously mentioned criteria, derivatives and financial assets managed on a market value basis. It amounted to EUR 138.3 billion as at 31 December 2019, which represents a variation of EUR +8.2 billion over the period.

The fair value of investment properties which are not representative of unit-linked insurance contracts accounted for at amortised cost amounts to EUR 4.3 billion as at 31 December 2020, compared with EUR 4.6 billion as at 31 December 2019.

- **Measurement of the fair value of financial instruments**

The criteria for allocating instruments to the levels of the fair value hierarchy, the corresponding valuation methodologies and the principles of transfer between the levels of the hierarchy for insurance investments are similar to those applied for the Group's other financial instruments (note 4.d).

In millions of euros	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	**112,156**	**18,218**	**220**	**130,594**	**103,419**	**22,887**	**290**	**126,596**
Equity instruments	7,963	1,370	195	9,528	6,551	1,179	248	7,978
Debt securities	104,193	16,848	25	121,066	96,868	21,708	42	118,618
Financial instruments designated as at fair value through profit or loss	**90,733**	**21,419**	**6,865**	**119,017**	**88,724**	**19,296**	**7,315**	**115,335**
Equity instruments	89,691	13,036	6,804	109,531	87,084	12,774	6,549	106,407
Debt securities	1,042	8,383	61	9,486	1,640	6,522	766	8,928
Derivative financial instruments	**-**	**1,162**	**203**	**1,365**	**-**	**859**	**256**	**1,115**
Financial assets measured at fair value	**202,889**	**40,799**	**7,288**	**250,976**	**192,143**	**43,042**	**7,861**	**243,046**

Level 1: this level comprises equities and liquid bonds, derivative instruments traded on organised markets (futures, options, etc.), units of funds and UCITS for which the net asset value is calculated on a daily basis.

Level 2: this level comprises equities, certain government or corporate bonds, other fund units and UCITS and over-the-counter derivatives.

Level 3: this level consists mainly of fund units and shares which are not quoted on active markets, consisting mainly of units in venture capital companies and funds.

During the year ended 31 December 2020, transfers between Level 1 and Level 2 were not significant.

- **Table of movements in Level 3 financial instruments**

For Level 3 financial instruments, the following movements occurred during the period:

In millions of euros	Financial assets		
	Available-for-sale financial instruments	Financial instruments as at fair value through profit or loss	Total
At 31 December 2019	**290**	**7,571**	**7,861**
Purchases	42	1,876	1,918
Sales	(20)	(1,672)	(1,692)
Settlements	(33)	(222)	(255)
Transfers to Level 3	2	12	14
Transfers from Level 3	(55)	(867)	(922)
Gains recognised in profit or loss	2	392	394
Items related to exchange rate movements	2	(19)	(17)
Changes in fair value of assets and liabilities recognised in equity	(10)		(10)
At 31 December 2020	**220**	**7,068**	**7,288**

- **Details of available-for-sale financial assets**

In millions of euros	31 December 2020			31 December 2019		
	Balance sheet value	of which depreciation	of which changes in value recognised directly in equity	Balance sheet value	of which depreciation	of which changes in value recognised directly in equity
Debt securities	121,066		14,934	118,618		12,729
Equity instruments	9,528	(697)	2,117	7,978	(417)	2,009
Total available-for-sale financial assets	130,594	(697)	17,051	126,596	(417)	14,738

- **Fair value of financial instruments carried at amortised cost**

In millions of euros	31 December 2020					31 December 2019				
	Level 1	Level 2	Level 3	Total	Carrying value	Level 1	Level 2	Level 3	Total	Carrying value
Held-to-maturity financial assets	1,686			1,686	1,443	2,224			2,224	1,914
Loans and receivables	65	3,183	-	3,248	3,214	121	2,985	18	3,124	3,089

4.j TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

In millions of euros	31 December 2020	31 December 2019
Technical reserves - Non-Life insurance contracts	**4,668**	**4,768**
Technical reserves - Life insurance contracts	**155,129**	**154,382**
- Insurance contracts	85,961	87,352
- Unit-linked contracts	69,168	67,030
Technical liabilities - investment contracts	**48,528**	**48,179**
- Investments contracts with discretionary participation feature	40,916	40,723
- Investment contracts without discretionary participation feature - Unit-linked contracts	7,612	7,456
Policyholders' surplus reserve - liability	**27,860**	**24,980**
Total technical reserves and liabilities related to insurance and investment contracts	236,185	232,309
Debts arising out of insurance and reinsurance operations	2,948	3,464
Derivative financial instruments	1,608	1,164
Total technical reserves and other insurance liabilities	240,741	236,937

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 92% in 2020, compared with 90% in 2019.

The Liability Adequacy Test required by IFRS 4 and performed by contract portfolios consists in comparing reserves (net of deferred acquisition costs) and evaluation of future discounted cash flows.

As at 31 December 2020, this test has led to additional provisions on three Asian life insurance entities for a total amount of EUR 18 million. On domestic market life insurance entities (France, Italy and Luxembourg), the test does not apply for any shortfall impact.

The change in technical reserves and liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Liabilities related to insurance contracts at start of period	**232,309**	**209,750**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	21,309	30,807
Claims and benefits paid	(17,708)	(17,010)
Effect of changes in value of admissible investments related to unit-linked contracts	708	8,381
Effect of movements in exchange rates	(527)	311
Effect of changes in the scope of consolidation	94	70
Liabilities related to insurance contracts at end of period	**236,185**	**232,309**

See note 4.i for details of reinsurers' share of technical reserves.

4.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2020	31 December 2019
Current taxes	2,016	1,857
Deferred taxes	4,543	4,956
Current and deferred tax assets	**6,559**	**6,813**
Current taxes	1,671	2,103
Deferred taxes	1,330	1,463
Current and deferred tax liabilities	**3,001**	**3,566**

Change in deferred tax by nature over the period:

In millions of euros	31 December 2019	Changes recognised in profit or loss	Changes recognised in equity that may be reclassified to profit or loss	Changes recognised in equity that will not be reclassified to profit or loss	Effects of exchange rates, consolidation scope and other movements	31 December 2020
Financial instruments	(1,041)	111	(208)	(4)	81	(1,061)
Provisions for employee benefit obligations	871	23		(4)	(18)	872
Unrealised finance lease reserve	(505)	(59)			8	(556)
Credit risk impairment	3,271	(73)			(53)	3,145
Tax loss carryforwards	1,119	(58)			(15)	1,046
Other items	(222)	40	(11)		(40)	(233)
Net deferred taxes	**3,493**	**(16)**	**(219)**	**(8)**	**(37)**	**3,213**
Deferred tax assets	4,956					4,543
Deferred tax liabilities	(1,463)					(1,330)

In order to determine the amount of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Deferred tax assets recognised on tax loss carryforwards are mainly related to BNP Paribas Fortis for EUR 648 million, with a 7-year expected recovery period (unlimited carryforward period).

Unrecognised deferred tax assets totalled EUR 1,117 million at 31 December 2020 compared with EUR 1,291 million at 31 December 2019.

4.l Accrued income/expense and other assets/liabilities

In millions of euros	31 December 2020	31 December 2019
Guarantee deposits and bank guarantees paid	103,199	75,478
Collection accounts	677	288
Accrued income and prepaid expenses	3,985	6,162
Other debtors and miscellaneous assets	33,043	31,607
Total accrued income and other assets	**140,904**	**113,535**
Guarantee deposits received	61,454	58,751
Collection accounts	3,243	3,026
Accrued expense and deferred income	6,701	8,027
Lease liabilities	3,595	3,295
Other creditors and miscellaneous liabilities	32,853	29,650
Total accrued expense and other liabilities	**107,846**	**102,749**

4.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

In millions of euros	Year to 31 Dec. 2020			31 December 2020	Year to 31 Dec. 2019			31 December 2019
	Share of net income	*Share of changes in assets and liabilities recognised directly in equity*	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments	*Share of net income*	*Share of changes in assets and liabilities recognised directly in equity*	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments
Joint ventures	*33*	*(35)*	(2)	832	*64*	*(17)*	47	965
Associates [(1)]	*390*	*(93)*	297	5,564	*522*	*160*	682	4,987
Total equity-method entities	***423***	***(128)***	**295**	**6,396**	***586***	***143***	**729**	**5,952**

[(1)]Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 7.f *Other related parties*.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

In millions of euros	Country of registration	Activity	Interest (%)	31 December 2020	31 December 2019
Joint ventures					
Bpost banque	Belgium	Retail banking	50%	114	242
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	196	220
Associates					
AG Insurance	Belgium	Insurance	25%	1,685	1,747
Bank of Nanjing	China	Retail banking	14%	1,795	1,569

4.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2020			31 December 2019		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
Investment property	**926**	**(322)**	**604**	**894**	**(283)**	**611**
Land and buildings	13,180	(5,626)	7,554	13,565	(5,703)	7,862
Equipment, furniture and fixtures	7,262	(5,333)	1,929	7,494	(5,410)	2,084
Plant and equipment leased as lessor under operating leases	30,435	(8,204)	22,231	28,126	(7,546)	20,580
Other property, plant and equipment	2,387	(1,206)	1,181	2,371	(1,212)	1,159
Property, plant and equipment	**53,264**	**(20,369)**	**32,895**	**51,556**	**(19,871)**	**31,685**
Of which right of use	*6,871*	*(3,728)*	*3,143*	*6,660*	*(3,647)*	*3,013*
Property, plant and equipment and investment property	**54,190**	**(20,691)**	**33,499**	**52,450**	**(20,154)**	**32,296**
Purchased software	3,880	(3,080)	800	4,093	(3,072)	1,021
Internally-developed software	5,435	(4,095)	1,340	4,664	(3,581)	1,083
Other intangible assets	2,307	(548)	1,759	2,245	(497)	1,748
Intangible assets	**11,622**	**(7,723)**	**3,899**	**11,002**	**(7,150)**	**3,852**

- **Investment property**

Land and buildings leased by the Group as lessor under operating leases are recorded in "Investment property".

The estimated fair value of investment property accounted for at amortised cost at 31 December 2020 is 743 million, compared with EUR 719 million at 31 December 2019.

- **Operating leases**

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2020	31 December 2019
Future minimum lease payments receivable under non-cancellable leases	**7,366**	**7,182**
Payments receivable within 1 year	*3,167*	*3,064*
Payments receivable after 1 year but within 5 years	*4,139*	*4,076*
Payments receivable beyond 5 years	*60*	*42*

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

- **Intangible assets**

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

- **Amortisation and provision**

Net depreciation and amortisation expense for the year ended 31 December 2020 was EUR 2,431 million, compared with EUR 2,415 million for the year ended 31 December 2019.

The net increase in impairment on property, plant, equipment and intangible assets taken to the profit and loss account for the year ended 31 December 2020 amounted to EUR 8 million, compared with EUR 30 million for the year ended 31 December 2019.

4.o GOODWILL

In millions of euros	Year to 31 Dec 2020	Year to 31 Dec 2019
Carrying amount at start of period	**7,817**	**8,487**
Acquisitions	5	55
Divestments		
Impairment recognised during the period		(820)
Exchange rate adjustments	(329)	97
Other movements		(2)
Carrying amount at end of period	**7,493**	**7,817**
Gross value	11,247	11,608
Accumulated impairment recognised at the end of period	(3,754)	(3,791)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised		Acquisitions	
	31 December 2020	31 December 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Retail Banking & Services	**6,311**	**6,602**		**(820)**	**5**	**(2)**
Domestic Markets	**1,424**	**1,440**			**5**	
Arval	*510*	*515*			*5*	
Leasing Solutions	*149*	*151*				
New Digital Businesses	*159*	*159*				
Personal Investors	*600*	*609*				
Others	*6*	*6*				
International Financial Services	**4,887**	**5,162**		**(820)**		**(2)**
Asset Management	*181*	*187*				
Insurance	*352*	*353*				
BancWest	*2,362*	*2,571*		*(500)*		
Personal Finance	*1,238*	*1,293*				
Personal Finance - partnership tested individually				*(318)*		
Real Estate	*403*	*407*		*(2)*		
Wealth Management	*314*	*314*				*(2)*
Others	*37*	*37*				
Corporate & Institutional Banking	**1,179**	**1,212**				**57**
Corporate Banking	*273*	*277*				
Global Markets	*460*	*481*				*57*
Securities Services	*446*	*454*				
Other Activities	**3**	**3**				
Total goodwill	**7,493**	**7,817**	**-**	**(820)**	**5**	**55**
Negative goodwill			5	2		
Change in value of goodwill recognised in the profit and loss account			**5**	**(818)**		

The cash-generating units to which goodwill is allocated are:

Arval: Specialist in vehicle long-term leasing and mobility, Arval offers corporates (from multinational companies to small and medium companies), employees and individuals tailored solutions that optimise their mobility.

Leasing Solutions : BNP Paribas Leasing Solutions uses a multi-channel partnership approach (sales *via* referrals, partnerships, direct sales and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.

New digital businesses: they include in particular the account management service “Nickel”, open to all, without any conditions regarding income, deposits or personal wealth, and without any overdraft or credit facility. This service, which operates in real time using the latest technology, is available through over 5,800 points of sale.

Personal Investors: BNP Paribas Personal Investors is a digital specialist of banking and investment services. Mainly based in Germany, India, Austria and Spain, it provides a wide range of banking, savings and long and short term investment services to individual clients via the internet, and also on the phone and face-to-face. In addition to its activities destined to private clients, Personal Investors offers its services and IT platform to independent financial consultants, asset managers and FinTechs.

Asset Management: BNP Paribas Asset Management is the dedicated asset management business line of the BNP Paribas Group and offers services to individual investors (through internal distributors – BNP Paribas private and retail banking – and external distributors), to corporates and to institutional investors (insurance companies, retirement funds, official institutions, consultants). Its aim is to offer an added value based on a broad range of expertise throughout its active management of equities and bonds, its activity of private debt and real assets management and its multi-asset, quantitative and solutions division.

Insurance: BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to protect individuals, their projects and their assets.

BNP Paribas Cardif also offer products in damage insurance , health insurance, budget insurance, revenue and means of payment insurance, unexpected event protection (unemployment, accident, death, theft or breakage) or the protection of private digital data to meet the evolution of customers' needs.

BancWest: In the United States, the Retail Banking business is henceforth conducted through Bank of the West, which markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients, through branches and offices in 24 States, mainly in western and mid-western America. It also has strong positions across the USA in several specialised lending activities, such as marine, recreational vehicles and agribusiness, and develops its commercial set up particularly in Corporate Banking, Wealth Management and Small and Medium Enterprise businesses.

Personal Finance: BNP Paribas Personal Finance is the Group's consumer credit specialist. Through its brands and partnerships such as Cetelem, Cofinoga, Findomestic, AlphaCredit, Opel Vauxhall or SevenDay Finans AB, Personal Finance provides a full range of consumer loans at point of sale (retail stores and car dealerships) or through its customer relation centres and websites and mobile applications. The business line, in some countries outside the domestic markets, is integrated into the BNP Paribas group's retail banking.

Real Estate: BNP Paribas Real Estate serves the needs of its clients, whether institutional investors, corporates, public entities or individuals, at all stages of the life cycle of their property (from the conception of a construction project to its daily management).

Wealth Management: Wealth Management encompasses the private banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs.

Corporate Banking: Corporate Banking combines financing solutions to corporates, all transaction banking products, corporate finance advisory services in mergers and acquisitions and primary equity activities.

Global Markets: Global Markets provides investment, hedging, financing and research services across asset classes, to corporate and institutional clients – as well as private and retail banking networks. The sustainable, long-term business model of Global Markets connects clients to capital markets throughout EMEA (Europe, Middle East & Africa), Asia Pacific and the Americas, with innovative solutions and digital platforms. Global Markets includes activities of Fixed Income, Currencies & Commodities and Equity & Prime Services.

Securities Services: BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers.

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each cash-generating units. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each cash-generating units based on the "Common Equity Tier One" regulatory requirements for the legal entity to which the cash-generating units belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies in Europe and 3% for BancWest more specific to California. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according to inflation rates disclosed by external sources).

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation: the cost of capital, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In 2019, the downward revision of the financial perspectives for the Personal Finance partnership specifically tested led to depreciate the total goodwill (318 million euros).

Moreover, the economic environment evolution, particularly in interest rates in the United States, led, in 2019, to partially depreciate BancWest's goodwill by 500 million euros.

- **Sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital, a 1% change in the cost/income ratio in terminal value, a 5 % change of the cost of risk in terminal value and a 50-basis point change in the growth rate to perpetuity**

In millions of euros	BancWest	Personal Finance
Cost of capital	**9.5%**	**10.0%**
Adverse change (+10 basis points)	(135)	(197)
Positive change (- 10 basis points)	139	202
Cost/income ratio	**61.4%**	**45.8%**
Adverse change (+ 1 %)	(255)	(435)
Positive change (-1 %)	255	435
Cost of risk	**(135)**	**(1,758)**
Adverse change (+ 5 %)	(53)	(556)
Positive change (- 5 %)	53	556
Growth rate to perpetuity	**3.0%**	**2.1%**
Adverse change (-50 basis points)	(249)	(431)
Positive change (+50 basis points)	290	490

Concerning the homogeneous Personal Finance set mentioned above, there would be no need to depreciate even by using, for the impairment tests, the four most unfavourable variations in the table.

4.p PROVISIONS FOR CONTINGENCIES AND CHARGES

- **Provisions for contingencies and charges by type**

In millions of euros	31 December 2019	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2020
Provisions for employee benefits	6,636	1,031	(1,007)	22	(78)	6,604
of which post-employment benefits *(note 6.b)*	4,141	214	(311)	21	(20)	4,045
of which post-employment healthcare benefits *(note 6.b)*	146	4	(4)	2		148
of which provision for other long-term benefits *(note 6.c)*	1,188	365	(296)		(37)	1,220
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 6.d)*	513	110	(148)		(7)	468
of which provision for share-based payments *(note 6.e)*	648	338	(248)		(15)	723
Provisions for home savings accounts and plans	124	(1)	(1)			122
Provisions for credit commitments *(note 2.h)*	1,234	214	(60)		(41)	1,347
Provisions for litigations	598	186	(204)		(61)	519
Other provisions for contingencies and charges	894	225	(137)		(26)	956
Total provisions for contingencies and charges	**9,486**	**1,655**	**(1,409)**	**22**	**(206)**	**9,548**

- **Provisions and discount for home savings accounts and plans**

In millions of euros	31 December 2020	31 December 2019
Deposits collected under home savings accounts and plans	**18,203**	**18,149**
of which deposits collected under home savings plans	16,030	16,026
Aged more than 10 years	*5,333*	*5,231*
Aged between 4 and 10 years	*8,420*	*8,777*
Aged less than 4 years	*2,277*	*2,018*
Outstanding loans granted under home savings accounts and plans	**23**	**35**
of which loans granted under home savings plans	4	6
Provisions and discount recognised for home savings accounts and plans	**122**	**125**
provisions recognised for home savings plans	122	123
provisions recognised for home savings accounts	-	1
discount recognised for home savings accounts and plans	-	1

4.q OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting (EU CCR5-A). 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, the Group 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. Amounts set off 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 31 December 2020	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
Assets						
Financial instruments at fair value through profit or loss						
Securities	167,927		167,927			167,927
Loans and repurchase agreements	369,927	(125,049)	244,878	(42,976)	(190,936)	10,966
Derivative financial instruments (including derivatives used for hedging purposes)	688,709	(396,329)	292,380	(196,222)	(40,626)	55,532
Financial assets at amortised cost	946,831		946,831	(554)	(2,460)	943,817
of which repurchase agreements	*3,155*		*3,155*	*(554)*	*(2,460)*	*141*
Accrued income and other assets	140,904		140,904		(51,135)	89,769
of which guarantee deposits paid	*103,199*		*103,199*		*(51,135)*	*52,064*
Other assets not subject to offsetting	695,571		695,571			695,571
TOTAL ASSETS	**3,009,869**	**(521,378)**	**2,488,491**	**(239,752)**	**(285,157)**	**1,963,582**

In millions of euros, at 31 December 2020	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
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	94,263		94,263			94,263
Deposits and repurchase agreements	413,644	(125,049)	288,595	(42,250)	(231,061)	15,284
Issued debt securities	64,048		64,048			64,048
Derivative financial instruments (including derivatives used for hedging purposes)	692,258	(396,329)	295,929	(196,222)	(53,721)	45,986
Financial liabilities at amortised cost	1,088,648		1,088,648	(1,280)	(6,996)	1,080,372
of which repurchase agreements	*8,738*		*8,738*	*(1,280)*	*(6,996)*	*462*
Accrued expense and other liabilities	107,846		107,846		(36,263)	71,583
of which guarantee deposits received	*61,454*		*61,454*		*(36,263)*	*25,191*
Other liabilities not subject to offsetting	431,813		431,813			431,813
TOTAL LIABILITIES	**2,892,520**	**(521,378)**	**2,371,142**	**(239,752)**	**(328,041)**	**1,803,349**

In millions of euros, at 31 December 2019	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
Assets						
Financial instruments at fair value through profit or loss						
Securities	131,935		131,935			131,935
Loans and repurchase agreements	352,599	(155,672)	196,927	(45,772)	(143,292)	7,863
Derivative financial instruments (including derivatives used for hedging purposes)	543,166	(283,427)	259,739	(179,483)	(34,902)	45,354
Financial assets at amortised cost	935,923		935,923	(536)	(1,679)	933,708
of which repurchase agreements	*2,307*		*2,307*	*(536)*	*(1,679)*	*92*
Accrued income and other assets	113,535		113,535		(38,342)	75,193
of which guarantee deposits paid	*75,478*		*75,478*		*(38,342)*	*37,136*
Other assets not subject to offsetting	526,654		526,654			526,654
TOTAL ASSETS	**2,603,812**	**(439,099)**	**2,164,713**	**(225,791)**	**(218,215)**	**1,720,707**

In millions of euros, at 31 December 2019	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
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	65,490		65,490			65,490
Deposits and repurchase agreements	370,765	(155,672)	215,093	(44,684)	(163,430)	6,979
Issued debt securities	63,758		63,758			63,758
Derivative financial instruments (including derivatives used for hedging purposes)	535,428	(283,427)	252,001	(179,483)	(39,920)	32,598
Financial liabilities at amortised cost	919,234		919,234	(1,624)	(5,942)	911,668
of which repurchase agreements	*7,821*		*7,821*	*(1,624)*	*(5,942)*	*255*
Accrued expense and other liabilities	102,749		102,749		(30,939)	71,810
of which guarantee deposits received	*58,751*		*58,751*		*(30,939)*	*27,812*
Other liabilities not subject to offsetting	434,543		434,543			434,543
TOTAL LIABILITIES	**2,491,967**	**(439,099)**	**2,052,868**	**(225,791)**	**(240,231)**	**1,586,846**

4.r TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the "repurchase agreements" heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

- **Securities lending, repurchase agreements and other transactions:**

	31 December 2020		31 December 2019	
In millions of euros, at	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities lending operations				
Financial instruments at fair value through profit or loss	5,890		13,358	
Financial assets at amortised cost	2,517		1,408	
Financial assets at fair value through equity	434		320	
Repurchase agreements				
Financial instruments at fair value through profit or loss	39,105	39,104	33,203	33,148
Financial assets at amortised cost	5,500	5,167	3,664	3,621
Financial assets at fair value through equity	1,117	1,086	988	984
Financial investments of insurance activities	6,872	6,842	5,844	5,921
Total	**61,435**	**52,199**	**58,785**	**43,674**

- **Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:**

In millions of euros, at 31 December 2020	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Financial assets at amortised cost	18,718	17,715	18,980	17,721	1,258
Total	**18,718**	**17,715**	**18,980**	**17,721**	**1,258**

In millions of euros, at 31 December 2019	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Financial instruments at fair value through profit or loss	28	28	28	28	-
Financial assets at amortised cost	19,674	17,431	19,035	17,471	1,564
Financial assets at fair value through equity	18	18	17	17	-
Total	**19,720**	**17,477**	**19,080**	**17,516**	**1,564**

There have been no significant transfers leading to partial or full derecognition of the financial assets in which the Bank has a continuing involvement.

5. FINANCING AND GUARANTEE COMMITMENTS

5.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2020	31 December 2019
Financing commitments given		
- to credit institutions	**6,646**	**4,999**
- to customers	**343,480**	**324,077**
Confirmed financing commitments	306,312	255,975
Other commitments given to customers	37,168	68,102
Total financing commitments given	**350,126**	**329,076**
of which stage 1	*332,035*	*317,180*
of which stage 2	*15,440*	*9,862*
of which stage 3	*1,001*	*1,094*
of which insurance activities	*1,650*	*940*
Financing commitments received		
- from credit institutions	**48,622**	**70,725**
- from customers	**5,511**	**2,633**
Total financing commitments received	**54,133**	**73,358**

5.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2020	31 December 2019
Guarantee commitments given		
- to credit institutions	**40,912**	**32,325**
- to customers	**120,045**	**118,408**
Property guarantees	2,758	2,767
Sureties provided to tax and other authorities, other sureties	62,803	61,003
Other guarantees	54,484	54,638
Total guarantee commitments given	**160,957**	**150,733**
of which stage 1	*152,288*	*142,780*
of which stage 2	*7,305*	*6,518*
of which stage 3	*1,364*	*1,432*
of which insurance activities		*3*

5.c SECURITIES COMMITMENTS

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

In millions of euros	31 December 2020	31 December 2019
Securities to be delivered	6,089	8,511
Securities to be received	7,857	10,792

5.d OTHER GUARANTEE COMMITMENTS

- **Financial instruments given as collateral:**

In millions of euros	31 December 2020	31 December 2019
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	**150,370**	**102,466**
- Used as collateral with central banks	103,321	32,659
- Available for refinancing transactions	47,049	69,807
Securities sold under repurchase agreements	**439,642**	**388,683**
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group (1)	**212,169**	**152,489**

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

The fair value of financial instruments given as collateral or transferred under repurchase agreements by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 579,622 million at 31 December 2020 (EUR 486,464 million at 31 December 2019).

- **Financial instruments received as collateral:**

In millions of euros	31 December 2020	31 December 2019
Financial instruments received as collateral (excluding repurchase agreements)	**234,212**	**181,696**
of which instruments that the Group is authorised to sell and reuse as collateral	*119,915*	*99,061*
Securities received under repurchase agreements	**408,394**	**376,752**

The fair value of financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 382,304 million at 31 December 2020 (compared with EUR 307,285 million at 31 December 2019).

6. SALARIES AND EMPLOYEE BENEFITS

6.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Fixed and variable remuneration, incentive bonuses and profit-sharing	12,761	12,992
Employee benefit expense	3,663	4,021
Payroll taxes	522	540
Total salary and employee benefit expense	**16,946**	**17,553**

6.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

- **Main Defined-contribution pension plans for Group entities**

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined-contribution pension plans.

The amount paid into defined-contribution post-employment plans for the year ended 31 December 2020 was EUR 700 million, compared with EUR 676 million for the year ended 31 December 2019.

The breakdown by major contributors is determined as follows:

Contribution amount In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
France	334	343
Italy	95	67
UK	54	54
USA	50	50
Turkey	28	32
Hong-Kong	25	24
Luxembourg	25	24
Others	89	82
TOTAL	**700**	**676**

In Italy, the plan introduced by BNL is funded by employer contributions (4.2% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

- **Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement**

- Defined-benefit plans

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 97% at 31 December 2020 (compared with 93% at 31 December 2019) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 101% as at 31 December 2020 (100% at 31 December 2019) through insurance companies.

Since 1 January 2015, senior managers benefit from a defined-contribution scheme. The other employees benefit as well from the defined-contribution scheme. Since there is a legal obligation for the employer to guarantee a minimum return on financial assets invested under defined-benefit pension plans, a provision was recognised for these defined-contribution schemes, as this guarantee is not entirely covered by the insurance company.

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2020, the Group's residual obligations for these employees were recognised on the balance sheet in full.

The defined-benefit plans previously granted to some Group senior managers have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2020, 130% of these pension plans were funded through insurance companies (109% at 31 December 2019).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2020, obligations for all UK entities were 112% covered by financial assets, compared with 116% at 31 December 2019.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At 31 December 2020, obligations were 95% covered by financial assets, compared with 91% at 31 December 2019.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights. At 31 December 2020, the obligation was 86% covered by financial assets, (82% at 31 December 2019).

In Germany, liabilities are mainly related to defined-benefit pension plans, closed to new employees. Under these plans, the defined pension is generally based on the number of years of service and final salary. They offer the payment of an annuity under pre-defined terms. At 31 December 2020, the obligation was 51% covered by financial assets, (55% at 31 December 2019).

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2020, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but this surplus is not recognised as an asset by the Group.

- Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2020, this obligation was 96% covered by financial assets, compared with 100% at 31 December 2019.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, when pension reforms changed Italian termination indemnity schemes into defined-contribution plans.

- **Obligations under defined-benefit plans and other post-employment benefits**

- Assets and liabilities recognised on the balance sheet

In millions of euros, at 31 December 2020	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse-ment rights (1)	Effect of asset ceiling	Net obligation	*of which asset recognised in the balance sheet for defined-benefit plans*	*of which net assets of defined-benefit plans*	*of which fair value of reimburse-ment rights*	*of which obligation recognised in the balance sheet for defined-benefit plans*
Belgium	*3,209*	*24*	3,233	(127)	(3,048)		58	(3,048)		*(3,048)*	3,106
UK	*1,852*	*1*	1,853	(2,066)			(213)	(231)	*(231)*		18
France	*1,214*	*88*	1,302	(1,187)			115	(64)	*(64)*		179
Switzerland	*1,153*	*1*	1,154	(1,099)		4	59				59
USA	*543*	*82*	625	(538)			87	(2)	*(2)*		89
Italy		*271*	271				271				271
Germany	*143*	*78*	221	(113)			108				108
Turkey	*148*	*32*	180	(331)		182	31				31
Others	*539*	*50*	589	(409)	(2)		178	(6)	*(4)*	*(2)*	184
TOTAL	***8,801***	***627***	**9,428**	**(5,870)**	**(3,050)**	**186**	**694**	**(3,351)**	***(301)***	***(3,050)***	**4,045**

In millions of euros, at 31 December 2019	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse-ment rights (1)	Effect of asset ceiling	Net obligation	*of which asset recognised in the balance sheet for defined-benefit plans*	*of which net assets of defined-benefit plans*	*of which fair value of reimburse-ment rights*	*of which obligation recognised in the balance sheet for defined-benefit plans*
Belgium	*3,208*	*23*	3,231	(113)	(3,001)		117	(3,001)		*(3,001)*	3,118
UK	*1,737*	*1*	1,738	(2,010)			(272)	(277)	*(277)*		5
France	*1,189*	*95*	1,284	(1,195)			89	(77)	*(77)*		166
Switzerland	*1,230*	*2*	1,232	(1,120)		5	117				117
USA	*588*	*85*	673	(549)			124				124
Italy		*307*	307				307				307
Germany	*136*	*70*	206	(114)			92				92
Turkey	*146*	*29*	175	(397)		250	28				28
Others	*542*	*50*	592	(411)	(1)		180	(4)	*(3)*	*(1)*	184
TOTAL	***8,776***	***662***	**9,438**	**(5,909)**	**(3,002)**	**255**	**782**	**(3,359)**	***(357)***	***(3,002)***	**4,141**

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies - notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan - to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

- Change in the present value of the defined-benefit obligation

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Present value of defined-benefit obligation at start of period	**9,438**	**8,823**
Current service cost	232	229
Interest cost	90	158
Past service cost	(50)	(1)
Settlements	(47)	(11)
Actuarial (gains)/losses on change in demographic assumptions	(1)	(56)
Actuarial (gains)/losses on change in financial assumptions	537	655
Actuarial (gains)/losses on experience gaps	(72)	9
Actual employee contributions	24	24
Benefits paid directly by the employer	(109)	(140)
Benefits paid from assets/reimbursement rights	(434)	(377)
Exchange rate (gains)/losses on obligation	(198)	140
(Gains)/losses on obligation related to changes in the consolidation scope	18	(15)
Present value of defined-benefit obligation at end of period	**9,428**	**9,438**

- Change in the fair value of plan assets and reimbursement rights

	Plan assets		Reimbursement rights	
In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Fair value of assets at start of period	**5,909**	**5,351**	**3,002**	**2,839**
Expected return on assets	95	145	13	34
Settlements	(42)	(3)		
Actuarial gains/(losses) on assets	325	439	113	168
Actual employee contributions	14	14	9	10
Employer contributions	62	63	110	115
Benefits paid from assets	(235)	(211)	(199)	(166)
Exchange rate gains/(losses) on assets	(260)	127		
Gains/(losses) on assets related to changes in the consolidation scope	2	(16)	2	2
Fair value of assets at end of period	**5,870**	**5,909**	**3,050**	**3,002**

- Components of the cost of defined-benefit plans

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Service costs	**177**	**220**
Current service cost	232	229
Past service cost	(50)	(1)
Settlements	(5)	(8)
Net financial expense	**7**	**14**
Interest cost	90	158
Interest income on plan asset	25	35
Interest income on reimbursement rights	(95)	(145)
Expected return on asset ceiling	(13)	(34)
Total recognised in salary and employee benefit expense	**184**	**234**

- Other items recognised directly in equity

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Other items recognised directly in equity	**(11)**	**(6)**
Actuarial (losses)/gains on plan assets or reimbursement rights	438	607
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	1	56
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(537)	(655)
Experience (losses)/gains on obligations	72	(9)
Variation of the effect of assets limitation	15	(5)

- Main actuarial assumptions used to calculate obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

In %	31 December 2020		31 December 2019	
	Discount rate	Compensation increase rate [(1)]	Discount rate	Compensation increase rate [(1)]
Belgium	0.00% / 0.80%	2.60% / 3.20%	0.10% / 1.10%	2.70% / 3.20%
UK	0.30% / 1.50%	2.00% / 3.20%	1.30% / 2.10%	2.00% / 3.10%
France	0.00% / 0.50%	1.40% / 2.95%	0.10% / 1.10%	1.60% / 2.95%
Switzerland	0.05% / 0.10%	1.50%	0.00% / 0.20%	1.00% / 2.50%
USA	1.40% / 2.50%	4.00%	2.35% / 3.40%	4.00%
Italy	0.00% / 0.60%	1.50% / 2.40%	0.20% / 0.80%	1.60% / 2.40%
Germany	0.30% / 0.80%	2.00% / 2.50%	0.50% / 1.10%	2.00% / 2.50%
Turkey	14.50%	11.03%	12.51%	7.59%

[(1)] Including price increases (inflation)

Observed weighted average rates are as follows:

- In the Euro zone: 0.15% at 31 December 2020 (0.54% at 31 December 2019),
- In the United Kingdom: 1.31% at 31 December 2020 (2.00% at 31 December 2019),
- In Switzerland: 0.05% at 31 December 2020 (0.15% at 31 December 2019).

The impact of a 100 bp change in discount rates on the present value of post-employment benefit obligations is as follows:

Change in the present value of obligations In millions of euros	31 December 2020		31 December 2019	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	314	(274)	324	(282)
UK	443	(330)	436	(319)
France	149	(125)	155	(128)
Switzerland	163	(143)	197	(167)
USA	79	(65)	84	(69)
Italy	19	(18)	22	(20)
Germany	43	(36)	47	(36)
Turkey	16	(13)	12	(10)

- Actual rate of return on plan assets and reimbursement rights over the period

In %	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Range of value *(reflecting the existence of several plans in the same country)*	Weighted average rates	Range of value *(reflecting the existence of several plans in the same country)*	Weighted average rates
Belgium	-3.90% / 4.85%	4.30%	-0.05% / 19.10%	6.05%
UK	-4.95% / 12.10%	11.10%	3.95% / 19.00%	15.65%
France	3.25% / 3.35%	3.35%	3.35% / 3.45%	3.45%
Switzerland	1.50 % / 3.25%	3.25%	2.40% / 14.85%	10.90%
USA	11.75% / 18.60%	14.20%	7.75% / 18.00%	13.10%
Germany	0.40% / 2.95%	0.55%	1.75% / 9.75%	9.05%
Turkey	12.85%	12.85%	19.25%	19.25%

- Breakdown of plan assets

In %	31 December 2020						31 December 2019					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others
Belgium	6%	52%	17%	1%	0%	24%	6%	54%	15%	1%	0%	24%
UK	8%	72%	8%	0%	1%	11%	14%	66%	8%	0%	4%	8%
France[(1)]	5%	72%	15%	8%	0%	0%	6%	69%	17%	8%	0%	0%
Switzerland	36%	0%	26%	20%	4%	14%	34%	0%	29%	19%	5%	13%
USA	23%	15%	55%	0%	3%	4%	26%	44%	17%	0%	9%	4%
Germany	26%	64%	0%	0%	1%	9%	26%	64%	0%	0%	1%	9%
Turkey	0%	0%	0%	4%	94%	2%	0%	0%	49%	4%	42%	5%
Others	9%	15%	11%	1%	3%	61%	9%	14%	12%	1%	3%	61%
GROUP	**11%**	**47%**	**17%**	**4%**	**5%**	**16%**	**13%**	**47%**	**17%**	**4%**	**4%**	**15%**

[(1)] In France, the breakdown of plan assets reflects the breakdown of the general fund of the insurance company through which the Group's obligations are funded.

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in terms of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least every three years for plans with assets in excess of EUR 100 million.

- **Post-employment healthcare benefits**

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are mainly closed to new entrants.

The present value of post-employment healthcare benefit obligations stood at EUR 148 million at 31 December 2020, compared with EUR 146 million at 31 December 2019, i.e. an increase of EUR 2 million in 2020, recognised directly in shareholders' equity.

6.c Other long-term benefits

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated. The net provision amounted to EUR 443 million at 31 December 2020 (EUR 448 million at 31 December 2019).

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

Since 2013, BNP Paribas has introduced a Group loyalty scheme with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of this loyalty scheme is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnels are representative of the Group's talent and the breadth of its managerial framework i.e. senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operational performance over three years (for 80%) and to the achievement of the Group's Corporate Social Responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive. For employees subject to special regulatory frameworks, this loyalty scheme is adjusted in accordance with the CRD4 European Directive.

The net obligation related to deferred compensation plans and loyalty schemes amounts to EUR 694 million at 31 December 2020 (EUR 651 million at 31 December 2019).

In millions of euros	31 December 2020	31 December 2019
Net provisions for other long-term benefits	**1,137**	**1,099**
Asset recognised in the balance sheet under the other long-term benefits	(83)	(89)
Obligation recognised in the balance sheet under the other long-term benefits	1,220	1,188

6.d Termination benefits

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In millions of euros	31 December 2020	31 December 2019
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	468	513

6.e SHARE-BASED PAYMENTS

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

- Variable compensation for employees, subject to special regulatory frameworks

Since the publication of the Decree by the French ministry of finance on 13 December 2010, and following the provisions of the European Directive CRD4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group's risk profile.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums will mostly be paid in cash linked to the increase or decrease in the BNP Paribas share price.

- Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are partly paid in cash linked to the increase or decrease in the BNP Paribas share price.

- **Expense of share-based payments**

Expense / (revenue) in millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Prior deferred compensation plans	(103)	84
Deferred compensation plans for the year	441	372
Total	**338**	**456**

7. ADDITIONAL INFORMATION

7.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2020, the share capital of BNP Paribas SA amounted to EUR 2,499,597,122, and was divided into 1,249,798,561 shares. The nominal value of each share is EUR 2, unchanged from 31 December 2019.

- **Ordinary shares issued by BNP Paribas and held by the Group**

	Proprietary transactions		Trading transactions [1]		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 31 December 2018	**726,451**	**38**	**1,491,335**	**59**	**2,217,786**	**97**
Net movements			(1,010,265)	(34)	(1,010,265)	(34)
Shares held at 31 December 2019	**726,451**	**38**	**481,070**	**25**	**1,207,521**	**63**
Disposals	(4,480)				(4,480)	
Other net movements			498,244	17	498,244	17
Shares held at 31 December 2020	**721,971**	**38**	**979,314**	**42**	**1,701,285**	**80**

[1] Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2020, the BNP Paribas Group was a holder of 1,701,285 BNP Paribas shares representing an amount of EUR 80 million, which was recognised as a decrease in equity.

- **Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital**

- Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

Issuer	Date of issue	Currency	Amount (in millions of euros)	Rate and term before 1st call date		Rate after 1st call date
Cofinoga Funding II LP	January and May 2004	EUR	80	TEC 10 [1] +1.35%	10 years	TEC 10 [1] + 1.35%
Total at 31 December 2020			**73[2]**			

[1] TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
[2] Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

- Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas SA has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate or a fixed-rate coupon.

On 25 March 2019, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 6.625% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years. If the notes are not redeemed in 2024, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 10 July 2019, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of AUD 300 million which pay a 4.5% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years and a half. If the notes are not redeemed in 2025, a 5-year Australian dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 17 October 2019, BNP Paribas SA redeemed the October 2005 issue, for an amount of EUR 1,000 million. These notes paid a 4.875% fixed-rate coupon.

On 20 November 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of EUR 1 million, before the first call date. These notes paid a 7.384% fixed-rate coupon.

On 29 December 2019, BNP Paribas SA redeemed two December 2009 issues at the first call date, for a respective amount of EUR 17 million and EUR 2 million. These notes paid respectively a 7.028% fixed-rate coupon and a 3-month Euribor rate coupon.

On 30 December 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of USD 70 million, at the first call date. These notes paid a USD 3-month Libor rate coupon.

On 25 February 2020, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,750 million which pay a 4.5% fixed-rate coupon. These notes could be redeemed at the end of a period of 10 years. If the notes are not redeemed in 2030, a US 5-year Constant Maturity Treasury rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 17 October 2020, BNP Paribas SA redeemed the October 2005 issue, for an amount of USD 400 million. These notes paid a 6.25% fixed-rate coupon.

- The following table summarises the characteristics of these various issues:

Date of issue	Currency	Amount (in millions of currency units)	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
July 2006	EUR	150	annual	5.450%	20 years	3-month Euribor + 1.920%
June 2007	USD	600	quarterly	6.500%	5 years	6.500%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor + 1.290%
June 2015	EUR	750	semi-annual	6.125%	7 years	EUR 5-year swap + 5.230%
August 2015	USD	1,500	semi-annual	7.375%	10 years	USD 5-year swap + 5.150%
March 2016	USD	1,500	semi-annual	7.625%	5 years	USD 5-year swap + 6.314%
December 2016	USD	750	semi-annual	6.750%	5.25 years	USD 5-year swap +4.916%
November 2017	USD	750	semi-annual	5.125%	10 years	USD 5-year swap +2.838%
August 2018	USD	750	semi-annual	7.000%	10 years	USD 5-year swap + 3.980%
March 2019	USD	1,500	semi-annual	6.625%	5 years	USD 5-year swap + 4.149%
July 2019	AUD	300	semi-annual	4.500%	5.5 years	AUD 5-year swap + 3.372%
February 2020	USD	1,750	semi-annual	4.500%	10 years	US 5 years CMT + 2.944%
Total at 31 December 2020 in euro-equivalent historical value		**9,948** (1)				

(1) Net of shares held in treasury by Group entities

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, the absence of coupon payment is conditional on the absence of dividend payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents during the previous year. Interest due is payable once dividend payment on BNP Paribas SA ordinary shares resumes.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under “Capital and retained earnings”. In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2020, the BNP Paribas Group held EUR 15 million of Undated Super Subordinated Notes which were deducted from shareholders’ equity.

- **Earnings per share**

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net profit used to calculate basic and diluted earnings per ordinary share ***(in millions of euros)*** [(1)]	**6,626**	**7,745**
Weighted average number of ordinary shares outstanding during the year	**1,247,821,717**	**1,247,993,812**
Effect of potentially dilutive ordinary shares	206	206
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,247,821,923**	**1,247,994,018**
Basic earnings per share (in euros)	**5.31**	**6.21**
Diluted earnings per share (in euros)	**5.31**	**6.21**

[(1)] The net profit used to calculate basic and diluted earnings per share is the net profit attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange gain or loss impact recognised directly in shareholders' equity in case of repurchase.

In accordance of the Annual General Meeting of 19 May 2020, no dividend was paid in 2020 out of the 2019 net income. The dividend per share paid in 2019 out of the 2018 net income amounted to EUR 3.02.

7.b CONTINGENT LIABILITIES : LEGAL PROCEEDINGS AND ARBITRATION

BNP Paribas (the "Bank") is party as a defendant in various claims, disputes and legal proceedings (including investigations by judicial or supervisory authorities) in a number of jurisdictions arising in the ordinary course of its business activities, including inter alia in connection with its activities as market counterparty, lender, employer, investor and taxpayer. While the Bank cannot predict the ultimate outcome of all pending and threatened legal and regulatory proceedings, the Bank reasonably believes that they are either without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss for the Bank.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amount initially sought to be recovered in these actions approximated USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

In two decisions dated 22 November 2016 and 3 October 2018, the Bankruptcy Court rejected most of the claims brought by the BLMIS Trustee against BNP Paribas entities. On 25 February 2019 the United States Court of Appeals for the Second Circuit reversed the Bankruptcy Court's 22 November 2016 decision. The defendants filed a petition with the Supreme Court requesting it review the Second Circuit's decision on August 29, 2019 but denied by the Court. By common agreement amongst the parties all proceedings have been stayed pending a decision by the Court of Appeal regarding a separate proceeding between the Trustee and a third party which could affect the Clawback claims against the Bank.

Litigation was brought in Belgium by minority shareholders of the previous Fortis Group against the Société fédérale de Participations et d'Investissement, Ageas and BNP Paribas seeking (amongst other things) damages from BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void. On 29 April 2016, the Brussels Commercial court decided to stay the proceedings until the resolution of the pending Fortis criminal proceeding in Belgium. The criminal proceeding, in which the Public Prosecutor had requested a dismissal, is now definitively closed, as the Council Chamber of the Brussels Court of first instance issued on September 4, 2020 a ruling (which has since become final) that the charges were time-barred. Certain minority shareholders have stated their intention to continue the civil proceedings against BNP Paribas before the Brussels Commercial court ; BNP Paribas will continue to defend itself vigorously against the allegations of these shareholders.

On 26 February 2020, the Paris Criminal Court found BNP Paribas Personal Finance guilty of misleading commercial practice and concealment of this practice. BNP Paribas Personal Finance was ordered to pay a fine of EUR 187,500 and damages and legal fees to the civil plaintiffs. The damages award was of immediate effect. BNP Paribas Personal Finance filed an appeal on the merits on 6 March 2020. It also sought to suspend the immediate effectiveness of the judgment, which the court rejected by decision dated 25 September 2020. BNP Paribas Personal Finance paid to the civil plaintiffs the damages awarded, without prejudice to the pending appeal before the Court of Appeal of Paris.

Like many other financial institutions in the banking, investment, mutual funds and brokerage sectors, the Bank has received or may receive requests for information from supervisory, governmental or self-regulated agencies. The Bank responds to such requests, and cooperates with the relevant authorities and regulators and seeks to address and remedy any issues they may raise.

The U.S. regulatory and law enforcement authorities are currently investigating or requesting information in relation to certain activities as reported in the international financial press in relation to the U.S. treasuries market and U.S. Agency bonds. The Bank, which has received some requests for information, is cooperating with investigations and is responding to requests for information. The outcome and potential impact of these investigations or requests for information is difficult to predict before their close and the subsequent discussions with the U.S. authorities. It should be noted that it has been reported that a number of financial institutions are involved in these investigations or requests for information and that it is sometimes the case that reviews carried out in connection therewith may lead to settlements including in particular the payment of fines or significant penalties depending on the circumstances specific to each situation.

7.c BUSINESS COMBINATIONS AND LOSS OF CONTROL OR SIGNIFICANT INFLUENCE

- **Operations realised in 2020**

  - Allfunds Bank UK Ltd

On 3 October 2020, a new partnership was established between BNP Paribas and Allfunds (AFB), a European market leader in fund distribution platforms.

This operation generated an overall gain of EUR 371 million before tax, recognised in the profit and loss account.

At 31 December 2020, BNP Paribas exercises a significant influence in AFB UK Ltd in which it holds a stake of 22.5%.

- **Operations realised in 2019**

  - State Bank of India Life Insurance Co Ltd

During the first half of 2019, three consecutive disposals of 9.2 %; 5.1 % and 2.5 % of the capital of State Bank of India Life Insurance Co Ltd (SBI life) took place on the Indian Market.

On 30 June 2019, the Group ceased to exercise a significant influence on SBI Life.

The residual stake of 5.2 % held by BNP Paribas Cardif Holding, is henceforth recorded in the available-for-sale financial assets.
During the first half of 2019, these operations generated an overall gain of EUR 1,450 million before tax recognised in “Net gain on non-current assets”.

  - First Hawaiian Inc

On 4 August 2016, BNP Paribas Group launched an initial public offering on its First Hawaiian Inc (FHI) subsidiary on the US market.

Subsequently, five partial sales were made.

Date	Transaction	Interest sold	Residual interest held	Control / Significant influence
4 August 2016	Initial offering	17.4%	82.6%	Control
6 February 2017	1st secondary offering	20.6%	62.0%	Control
8 May 2018	2nd secondary offering	13.2%	48.8%	Control
31 July 2018	3rd secondary offering	15.5%	33.3%	Significant influence
5 September 2018	4th secondary offering	14.9%	18.4%	Significant influence
29 January 2019	5th secondary offering	18.4%	0%	Significant influence
31 December 2019		**100%**	**0%**	

The first three operations resulted in an increase in the Group's retained earnings of EUR 422 million and in minority interests of EUR 1,363 million.

As at 30 June 2018, the Group considered the loss of control within one year to be highly probable and applied the provisions of IFRS 5 on groups of assets and liabilities held for sale.
The application of IFRS 5 had the effect of splitting the BancWest cash-generating units and, as a result, the related goodwill (i.e. EUR 4.3 billion) between Bank of the West (BoW) and FHI. This split was determined based on the recoverable amounts of the First Hawaiian Bank and BoW activities, and led to the allocation of a EUR 1.3 billion goodwill to FHI.
In addition, assets and liabilities have been reclassified respectively as non-current assets held for sale and liabilities related to non-current assets held for sale.

Following the sale realised on 31 July 2018, the Group ceased to exercise exclusive control over FHI but retained a significant influence. This loss of control resulted in a decrease of EUR 17.4 billion in the Group's balance sheet and a decrease in retained earnings attributable to minority shareholders of EUR -1,473 million.
During the second half of 2018, this operation and the last partial sale generated an overall gain of EUR 286 million before tax recognised in the profit and loss account.

As at 31 December 2018, the Group continues to apply the provisions of IFRS 5.
The effect of IFRS 5 is to assess the equity-method value at the balance sheet date at the lowest value between the book value and the market value. At 31 December 2018, this method resulted in the recognition of a EUR -125 million impairment.

On 29 January 2019, the Group launched a secondary offering for 24.9 million ordinary shares of First Hawaiian Inc (FHI). As a result of this transaction, the BNP Paribas group has sold its entire 18.4% stake in FHI.
During the first half of 2019, this operation generated an overall gain of EUR 82 million before tax, recognised in the profit and loss account.

7.d MINORITY INTERESTS

In millions of euros	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
Capital and retained earnings at 1 January 2019	**4,311**	**17**	**(74)**	**4,254**
Appropriation of net income for 2018	**(227)**			**(227)**
Increases in capital and issues	10			10
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders	1			1
Acquisitions of additional interests or partial sales of interests	1			1
Change in commitments to repurchase minority shareholders' interests	(64)			(64)
Other movements	1			1
Changes in assets and liabilities recognised directly in equity			7	7
Net income for 2019	**410**			**410**
Capital and retained earnings at 31 December 2019	**4,442**	**17**	**(67)**	**4,392**
Appropriation of net income for 2019	**(84)**			**(84)**
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders				-
Movements in consolidation scope impacting minority shareholders	5			5
Acquisitions of additional interests or partial sales of interests	1			1
Change in commitments to repurchase minority shareholders' interests	(69)			(69)
Other movements	(2)			(2)
Changes in assets and liabilities recognised directly in equity		(8)	(32)	(40)
Net income for 2020	**348**			**348**
Capital and retained earnings at 31 December 2020	**4,640**	**9**	**(99)**	**4,550**

- **Main minority interests**

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

In millions of euros	31 December 2020	Year to 31 Dec. 2020						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' 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
Contribution of the entities belonging to the BGL BNP Paribas group	89,607	1,699	552	541	34%	171	162	
Other minority interests						177	146	84
TOTAL						348	308	84

In millions of euros	31 December 2019	Year to 31 Dec. 2019						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' 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
Contribution of the entities belonging to the BGL BNP Paribas group	89,384	1,668	532	569	34%	157	164	87
Other minority interests						253	253	141
TOTAL						410	417	228

There are no particular contractual restrictions on the assets of BGL BNP Paribas Group related to the presence of the minority shareholder.

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

No significant internal restructuring operation occurred in 2020, nor in 2019.

- **Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries**

In millions of euros	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
BNP Paribas 3 Step IT (ex Arius) Partial disposal, reducing the Group's share to 51%			16	4
Cardif Life Insurance Japan Sale of 25% of the shares of Cardif Life Insurance Japan in the framework of entities restructuring in Japan			2	(2)
Other	(1)	1		(1)
Total	**(1)**	**1**	**18**	**1**

- **Commitments to repurchase minority shareholders' interests**

In connection with the acquisition of certain entities, the Group 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 500 million at 31 December 2020, compared with EUR 556 million at 31 December 2019.

7.e COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The Group's corporate officers and their spouses are considered to be related parties.

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in chapter 2 Corporate Governance of the Registration Document.

- **Remuneration and benefits awarded to the Group's corporate officers**

	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Gross remuneration, including Directors' fees and benefits in kind		
- payable for the year	€ 6,070,060	€ 6,289,752
- paid during the year	€ 5,532,930	€ 5,589,640
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€ 294,833	€ 247,090
Defined contribution pension plan : contributions paid by BNP Paribas during the year	€ 5,306	€ 5,228
Welfare benefits: premiums paid by BNP Paribas during the year	€ 14,962	€ 12,743
Share-based payments		
Stock subscription options	Nil	Nil
Performance shares	Nil	Nil
Long-term compensation		
- fair value at grant date (*)	€ 1,065,536	€ 1,013,527

(*) Valuation according to the method described in note 6.e.

As at 31 December 2020, no corporate officer is eligible to a contingent collective defined-benefit top-up pension plan.

- **Directors' fees paid to members of the board of directors**

The directors' fees paid in 2020 to all members of the Board of Directors amount to EUR 1,300,000 unchanged from 2019. The amount paid in 2020 to members other than corporate officers was EUR 1,183,106 compared with EUR 1,179,556 in 2019.

- **Remuneration and benefits awarded to directors representing the employees**

In euros	Year to 31 December 2020	Year to 31 December 2019
Gross remuneration paid during the year	123,020	111,368
Directors' fees (paid to the trade unions)	180,227	174,219
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	2,063	1,704
Contributions paid by BNP Paribas during the year into the defined-contribution plan	1,386	1,233

- **Loans, advances and guarantees granted to the Group's corporate officers**

At 31 December 2020, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 15,233,737 (EUR 4,775,072 at 31 December 2019). These loans representing normal transactions were carried out on an arm's length basis.

7.f OTHER RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

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

RELATIONS BETWEEN CONSOLIDATED COMPANIES

A list of companies consolidated by the BNP Paribas Group is provided in note 7.h *Scope of consolidation*. Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

- **Outstanding balances of related-party transactions:**

In millions of euros	31 December 2020		31 December 2019	
	Joint ventures	Associates	Joint ventures	Associates
ASSETS				
On demand accounts	1	112	3	139
Loans	3,826	65	4,408	103
Securities	642		732	
Other assets	3	93	58	133
Financial investments of insurance activities		4		4
Total	**4,472**	**274**	**5,201**	**379**
LIABILITIES				
On demand accounts	192	518	354	689
Other borrowings	30	1,402	87	1,781
Other liabilities	10	19	6	6
Technical reserves and other insurance liabilities		130		70
Total	**232**	**2,069**	**447**	**2,546**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	43	646	114	651
Guarantee commitments given	2,162	55	2,545	37
Total	**2,205**	**701**	**2,659**	**688**

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

- **Related-party profit and loss items:**

In millions of euros	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Joint ventures	Associates	Joint ventures	Associates
Interest income	30	5	29	9
Interest expense	(5)	(6)	(6)	(9)
Commission income	145	279	151	279
Commission expense	(8)	(38)	(12)	(28)
Services provided	-	32	1	52
Services received	-	(6)	(2)	(7)
Lease income	-	(1)	1	-
Net income from insurance activities	(3)	(4)	(2)	(6)
Total	**159**	**261**	**160**	**290**

GROUP ENTITIES MANAGING CERTAIN POST-EMPLOYMENT BENEFIT PLANS OFFERED TO GROUP EMPLOYEES

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

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif and Bank of the West). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2020, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 4,102 million (EUR 4,156 million as at 31 December 2019). Amounts received by Group companies in the year to 31 December 2020 totalled EUR 5 million, and were mainly composed of management and custody fees (unchanged from 2019).

7.g 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 at 31 December 2020. 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 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 the BNP Paribas Group.

In millions of euros, at 31 December 2020	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers [(1)]		68,617	735,232	803,849	790,444
Debt securities at amortised cost *(note 4.e)*	93,011	25,190	3,261	121,462	118,316
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		1,089,464		1,089,464	1,088,648
Debt securities *(note 4.h)*	45,760	103,990		149,750	148,303
Subordinated debt *(note 4.h)*	15,568	7,683		23,251	22,474

[(1)] Finance leases excluded

In millions of euros, at 31 December 2019	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers [(1)]		80,252	726,014	806,266	792,944
Debt securities at amortised cost *(note 4.e)*	75,884	31,168	3,103	110,155	108,454
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		919,995		919,995	919,234
Debt securities *(note 4.h)*	36,465	122,779		159,244	157,578
Subordinated debt *(note 4.h)*	7,858	12,926		20,784	20,003

[(1)] Finance leases excluded

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. 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 the BNP Paribas Group". The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.e.10). 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 carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

7.h SCOPE OF CONSOLIDATION

BNP Paribas, a société anonyme, registered in France, is the Group's lead company, which holds key positions in its two areas of activity : Retail Banking and Services and Corporate and Institutional Banking. During the year, the parent company did not change its name.

BNP Paribas has its principal place of business in France and its head office is located at 16 boulevard des Italiens 75009 Paris, France.

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNP Paribas SA	France								
	BNPP SA (Argentina branch)	Argentina	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Australia branch)	Australia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Austria branch)	Austria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Bahrain branch)	Bahrain	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Belgium branch)	Belgium	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Bulgaria branch)	Bulgaria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Canada branch)	Canada	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Cayman islands branch)	Cayman Islands				S1	Full	100.0%	100.0%	
	BNPP SA (Czech republic branch)	Czech Rep.	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Denmark branch)	Denmark	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Finland branch)	Finland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Germany branch)	Germany	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Hong kong branch)	Hong Kong	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Hungary branch)	Hungary	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (India branch)	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Ireland branch)	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Italy branch)	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Japan branch)	Japan	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Jersey branch)	Jersey	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Kuwait branch)	Kuwait	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Luxemburg branch)	Luxemburg	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Malaysia branch)	Malaysia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Monaco branch)	Monaco	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Netherlands branch)	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Norway branch)	Norway	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Panama branch)	Panama	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Philippines branch)	Philippines	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Poland branch)	Poland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Portugal branch)	Portugal	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Qatar branch)	Qatar	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Republic of Korea branch)	Rep. of Korea	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Romania branch)	Romania	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Saudi arabia branch)	Saudi Arabia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Singapore branch)	Singapore	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (South africa branch)	South Africa	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Spain branch)	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	

			31 December 2020				31 December 2019			
Business	**Name**	**Country**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**	**Method**	**Voting (%)**	**Interest (%)**	**Ref.**
	BNPP SA (Sweden branch)	Sweden	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Taiwan branch)	Taiwan	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Thailand branch)	Thailand	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (United arab emirates branch)	United Arab Emirates	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (United kingdom branch)	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (United states of america branch)	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (Viet nam branch)	Viet Nam	Full	100.0%	100.0%		Full	100.0%	100.0%	
RETAIL BANKING & SERVICES										
DOMESTIC MARKETS										
Retail Banking - France										
	Banque de Wallis et Futuna	France	Full[1]	51.0%	51.0%		Full[1]	51.0%	51.0%	
	BNPP Antilles Guyane	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Développement	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Développement Oblig	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Factor	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Factor (Spain branch)	Spain	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Factor Sociedade Financeira de Credito SA	Portugal	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Nouvelle Calédonie	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Réunion	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	Compagnie pour le Financement des Loisirs	France	Equity	46.0%	46.0%		Equity	46.0%	46.0%	
	Copartis	France	Full	100.0%	100.0%	D1/V4	Equity[3]	50.0%	50.0%	
	Euro Securities Partners	France	Equity[3]	50.0%	50.0%		Equity[3]	50.0%	50.0%	
	GIE Ocean	France	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Partecis	France	Equity[3]	50.0%	50.0%		Equity[3]	50.0%	50.0%	
	Paylib Services	France	Equity	14.3%	14.3%		Equity	14.3%	14.3%	E1
	Portzamparc	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	Protection 24	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Société Lairoise de Participations	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
Retail Banking - Belgium										
	Axepta BNPP Benelux	Belgium	Full	100.0%	99.9%	E1				
	Bancontact Paytoniq Company	Belgium	Equity	22.5%	22.5%		Equity	22.5%	22.5%	
	Banking Funding Company SA	Belgium	Equity	33.5%	33.5%		Equity	33.5%	33.5%	
	BASS Master Issuer NV[s]	Belgium	Full	-	-		Full	-	-	
	Belgian Mobile ID	Belgium	Equity	15.0%	15.0%		Equity	15.0%	15.0%	
	BNPP Commercial Finance Ltd	UK	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factor AB	Sweden	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factor AS	Denmark	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factor GmbH	Germany	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factor NV	Netherlands	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factoring Support	Netherlands	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Fortis	Belgium	Full	99.9%	99.9%		Full	99.9%	99.9%	
	BNPP Fortis (Spain branch)	Spain	Full	99.9%	99.9%		Full	99.9%	99.9%	
	BNPP Fortis (United states of america branch)	USA	Full	99.9%	99.9%		Full	99.9%	99.9%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	BNPP Fortis Factor NV	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Fortis Film Finance	Belgium	Full	99.0%	98.9%		Full	99.0%	98.9%	
	BNPP Fortis Funding SA	Luxemburg	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP FPE Belgium	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP FPE Expansion	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP FPE Management	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	Bpost Banque	Belgium	Equity[(3)]	50.0%	50.0%		Equity[(3)]	50.0%	50.0%	
	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%	81.6%		Full	81.7%	81.6%	
	Epimede[s]	Belgium	Equity	-	-		Equity	-	-	
	Esmee Master Issuer[s]	Belgium	Full	-	-		Full	-	-	
	Immo Beaulieu	Belgium				S3	Equity	25.0%	25.0%	
	Immobilière Sauveniere SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	Isabel SA NV	Belgium	Equity	25.3%	25.3%		Equity	25.3%	25.3%	
	Microstart	Belgium	Full	70.3%	76.7%		Full	70.3%	76.7%	V1
	Private Equity Investments (a)	BE/FR/LU	FV	-	-		FV	-	-	
	Sagip	Belgium	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Sowo Invest SA NV	Belgium	Full	87.5%	87.5%		Full	87.5%	87.5%	
Retail Banking - Luxemburg										
	BGL BNPP	Luxemburg	Full	66.0%	65.9%		Full	66.0%	65.9%	
	BGL BNPP (Germany branch)	Germany	Full	66.0%	65.9%		Full	66.0%	65.9%	
	BNPP Lease Group Luxembourg SA	Luxemburg	Full	100.0%	65.9%		Full	100.0%	65.9%	
	BNPP SB Re	Luxemburg	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	Cofhylux SA	Luxemburg	Full	100.0%	65.9%		Full	100.0%	65.9%	
	Compagnie Financière Ottomane SA	Luxemburg	Full	97.3%	97.3%		Full	97.3%	97.3%	V4
	Le Sphinx Assurances Luxembourg SA	Luxemburg	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	Lion International Investments SA	Luxemburg	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Luxhub SA	Luxemburg	Equity	28.0%	18.5%	E1				
	Visalux	Luxemburg	Equity	25.3%	16.7%		Equity	25.3%	16.7%	V4
Retail Banking - Italy										
	Artigiancassa SPA	Italy	Full	73.9%	73.9%		Full	73.9%	73.9%	
	Axepta SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Banca Nazionale Del Lavoro SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNL Finance SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	EMF IT 2008 1 SRL[s]	Italy	Full	-	-		Full	-	-	
	Eutimm SRL	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	International Factors Italia SPA	Italy	Full	99.7%	99.7%		Full	99.7%	99.7%	
	Permicro SPA	Italy	Equity	21.6%	21.6%		Equity	21.6%	21.6%	V4
	Serfactoring SPA	Italy	Equity	27.0%	26.9%		Equity	27.0%	26.9%	
	Servizio Italia SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Sviluppo HQ Tiburtina SRL	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Tierre Securitisation SRL$	Italy	Full	-	-		Full	-	-	
	Vela ABS SRL$	Italy				S3	Full	-	-	
	Vela Consumer 2 SRL$	Italy	Full	-	-		Full	-	-	
	Vela Consumer SRL$	Italy				S1	Full	-	-	
	Vela Home SRL$	Italy	Full	-	-		Full	-	-	
	Vela Mortgages SRL$	Italy	Full	-	-		Full	-	-	
	Vela OBG SRL$	Italy	Full	-	-		Full	-	-	
	Vela RMBS SRL$	Italy	Full	-	-		Full	-	-	
Arval										
	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%	E1
	Arval Austria GmbH	Austria	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval Belgium NV SA	Belgium	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval Benelux BV	Netherlands	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	Netherlands	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval CZ SRO	Czech Rep.	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval Deutschland GmbH	Germany	Full(2)	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Fleet Services	France	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval Fuhrparkmanagement GmbH	Austria	Full(2)	100.0%	99.9%	E3				
	Arval Hellas Car Rental SA	Greece	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval India Private Ltd	India	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 Luxembourg SA	Luxemburg	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)	100.0%	89.0%		Full(2)	100.0%	89.0%	
	Arval OY	Finland	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval Relsa SPA	Chile	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	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%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	Arval Trading	France	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval UK Group Ltd	UK	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval UK Leasing Services Ltd	UK	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Arval UK Ltd	UK	Full(2)	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Fleet Holdings Ltd	UK	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Cofiparc	France	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Greenval Insurance DAC	Ireland	Full(2)	100.0%	99.9%	V3	Full(2)	100.0%	100.0%	
	Locadif	Belgium	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Louveo	France	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	Public Location Longue Durée	France	Full(2)	100.0%	99.9%		Full(2)	100.0%	99.9%	
	TEB Arval Arac Filo Kiralama AS	Turkey	Full(2)	100.0%	75.0%		Full(2)	100.0%	75.0%	
Leasing Solutions										
	All In One Vermietung GmbH	Austria	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Aprolis Finance	France	Full	51.0%	42.3%		Full	51.0%	42.3%	
	Artegy	France	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNL Leasing SPA	Italy	Full	100.0%	95.5%		Full	100.0%	95.5%	E1
	BNPP 3 Step IT	France	Full	51.0%	42.3%		Full	51.0%	42.3%	V2
	BNPP 3 Step IT (Belgium branch)	Belgium	Full	51.0%	42.3%		Full	51.0%	42.3%	E2
	BNPP 3 Step IT (Germany branch)	Germany	Full	51.0%	42.3%		Full	51.0%	42.3%	E2
	BNPP 3 Step IT (Italy branch)	Italy	Full	51.0%	42.3%		Full	51.0%	42.3%	E2
	BNPP 3 Step IT (Netherlands branch)	Netherlands	Full	51.0%	42.3%		Full	51.0%	42.3%	E2
	BNPP 3 Step IT (United kingdom branch)	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	E2
	BNPP Finansal Kiralama AS	Turkey	Full	100.0%	82.5%		Full	100.0%	82.5%	
	BNPP Lease Group	France	Full(1)	100.0%	83.0%		Full(1)	100.0%	83.0%	
	BNPP Lease Group (Germany branch)	Germany	Full(1)	100.0%	83.0%		Full(1)	100.0%	83.0%	
	BNPP Lease Group (Italy branch)	Italy	Full(1)	100.0%	83.0%		Full(1)	100.0%	83.0%	
	BNPP Lease Group (Portugal branch)	Portugal	Full(1)	100.0%	83.0%		Full(1)	100.0%	83.0%	
	BNPP Lease Group (Spain branch)	Spain	Full(1)	100.0%	83.0%		Full(1)	100.0%	83.0%	
	BNPP Lease Group Belgium	Belgium	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Lease Group GmbH & Co KG	Austria	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Lease Group Leasing Solutions SPA	Italy	Full	100.0%	95.5%		Full	100.0%	95.5%	
	BNPP Lease Group PLC	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Lease Group Rentals Ltd	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Lease Group SP ZOO	Poland	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Services	Poland	Full	100.0%	88.7%		Full	100.0%	88.7%	
	BNPP Leasing Solution AS	Norway	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Solutions	Luxemburg	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Solutions IFN SA	Romania	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Solutions Ltd	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Solutions NV	Netherlands	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Leasing Solutions Suisse SA	Switzerland	Full	100.0%	83.0%		Full	100.0%	83.0%	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Rental Solutions Ltd	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	
	BNPP Rental Solutions SPA	Italy	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Claas Financial Services	France	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Claas Financial Services (Germany branch)	Germany	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Claas Financial Services (Italy branch)	Italy	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Claas Financial Services (Poland branch)	Poland	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Claas Financial Services (Spain branch)	Spain	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Claas Financial Services Ltd	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	
	CMV Mediforce	France				S4	Full[1]	100.0%	83.0%	
	CNH Industrial Capital Europe	France	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe (Belgium branch)	Belgium	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe (Germany branch)	Germany	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe (Italy branch)	Italy	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe (Poland branch)	Poland	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe (Spain branch)	Spain	Full[1]	50.1%	41.6%		Full[1]	50.1%	41.6%	
	CNH Industrial Capital Europe BV	Netherlands	Full	100.0%	41.6%		Full	100.0%	41.6%	
	CNH Industrial Capital Europe GmbH	Austria	Full	100.0%	41.6%		Full	100.0%	41.6%	
	CNH Industrial Capital Europe Ltd	UK	Full	100.0%	41.6%		Full	100.0%	41.6%	
	Commercial Vehicle Finance Ltd	UK				S1	Full	100.0%	83.0%	
	ES-Finance	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	FL Zeebrugge[s]	Belgium	Full	-	-		Full	-	-	
	Folea Grundstucksverwaltungs und Vermietungs GmbH & Co[s]	Germany	Full	-	-		Full	-	-	
	Fortis Lease	France	Full[1]	100.0%	83.0%		Full[1]	100.0%	83.0%	
	Fortis Lease Belgium	Belgium	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Fortis Lease Deutschland GmbH	Germany	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Fortis Lease Iberia SA	Spain	Full	100.0%	86.6%		Full	100.0%	86.6%	
	Fortis Lease Portugal	Portugal	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Fortis Lease UK Ltd	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Fortis Vastgoedlease BV	Netherlands	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Heffiq Heftruck Verhuur BV	Netherlands	Full	50,1%	41.5%		Full	50,1%	41,5%	
	JCB Finance	France	Full[1]	100.0%	41.6%		Full[1]	100.0%	41.6%	
	JCB Finance (Germany branch)	Germany	Full[1]	100.0%	41.6%		Full[1]	100.0%	41.6%	
	JCB Finance (Italy branch)	Italy	Full[1]	100.0%	41.6%		Full[1]	100.0%	41.6%	
	JCB Finance Holdings Ltd	UK	Full	50.1%	41.6%		Full	50.1%	41.6%	
	Manitou Finance Ltd	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	
	Mgf (Ex- MFF)	France	Full[1]	51.0%	42.3%		Full[1]	51.0%	42.3%	
	Mgf (Germany branch)	Germany	Full[1]	51.0%	42.3%	E2				
	Mgf (Italy branch)	Italy	Full[1]	51.0%	42.3%	E2				
	Natio Energie 2	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Natiocredibail	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	RD Leasing IFN SA	Romania	Full	100.0%	83.0%		Full	100.0%	83.0%	
	Same Deutz Fahr Finance	France	Full[1]	100.0%	83.0%		Full[1]	100.0%	83.0%	
	SNC Natiocredimurs	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	UCB Bail 2	France				S4	Full	100.0%	100.0%	
New Digital Businesses										
	Financière des Paiements Electroniques	France	Full	95.0%	95.0%		Full	95.0%	95.0%	
	Financière des Paiements Electroniques (Spain branch)	Spain	Full	95.0%	95.0%		Full	95.0%	95.0%	E2
	Lyf SA	France	Equity[3]	43.8%	43.8%		Equity[3]	43.8%	43.8%	V2
	Lyf SAS	France	Equity[3]	49.1%	49.1%	V4	Equity[3]	45.4%	45.4%	V2
Personal Investors										
	Geojit Technologies Private Ltd	India	Equity	35.0%	35.0%		Equity	35.0%	35.0%	
	Human Value Developers Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Sharekhan BNPP Financial Services Ltd (Ex- Sharekhan BNPP Financial Services Private Ltd)	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Sharekhan Commodities Private Ltd	India				S3	Full	100.0%	100.0%	
	Sharekhan Comtrade Private Limited	India	Full	100.0%	100.0%	E1				
	Sharekhan Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
INTERNATIONAL FINANCIAL SERVICES										
BNP Paribas Personal Finance										
	Alpha Crédit SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	AutoFlorence 1 SRL[s]	Italy	Full	-	-		Full	-	-	E1
	Autonoria 2019[s]	France	Full	-	-		Full	-	-	E2
	Autonoria Spain 2019[s]	Spain	Full	-	-		Full	-	-	E2
	Autop Ocean Indien	France	Full	100.0%	97.8%		Full	100.0%	97.8%	
	Axa Banque Financement	France	Equity	35.0%	35.0%		Equity	35.0%	35.0%	
	Banco BNPP Personal Finance SA	Portugal				S4	Full	100.0%	100.0%	
	Banco Cetelem SA	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Banco Cetelem SA (Ex- Banco Cetelem SAU)	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BGN Mercantil E Servicos Ltda	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Austria branch)	Austria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Bulgaria branch)	Bulgaria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Czech republic branch)	Czech Rep.	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Portugal branch)	Portugal	Full	100.0%	100.0%	E2				
	BNPP Personal Finance (Romania branch)	Romania	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Slovakia branch)	Slovakia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance BV	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance South Africa Ltd	South Africa	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cafineo	France	Full[1]	51.0%	50.8%		Full[1]	51.0%	50.8%	
	Carrefour Banque	France	Equity	40.0%	40.0%		Equity	40.0%	40.0%	
	Cetelem Algérie	Algeria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cetelem America Ltda	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cetelem Bank LLC	Russia				S2	Equity	20.8%	20.8%	
	Cetelem Gestion AIE	Spain	Full	100.0%	96.0%		Full	99.0%	95.5%	V2
	Cetelem SA de CV	Mexico	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cetelem Servicios Informaticos AIE	Spain	Full	100.0%	81.0%		Full	99.0%	80.5%	V2

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Cetelem Servicios SA de CV	Mexico	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Cetelem Servicos Ltda	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cofica Bail	France	Full(1)	100.0%	100.0%		Full(1)	100.0%	100.0%	
	Cofinoga Funding Two LP$	UK	Full	-	-		Full	-	-	
	Cofiplan	France	Full(1)	100.0%	100.0%		Full(1)	100.0%	100.0%	
	Creation Consumer Finance Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Creation Financial Services Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Crédit Moderne Antilles Guyane	France	Full(1)	100.0%	100.0%		Full(1)	100.0%	100.0%	
	Crédit Moderne Océan Indien	France	Full(1)	97.8%	97.8%		Full(1)	97.8%	97.8%	
	Domofinance	France	Full(1)	55.0%	55.0%		Full(1)	55.0%	55.0%	
	Domos 2011$	France				S1	Full	-	-	
	Domos 2017$	France	Full	-	-		Full	-	-	
	E Carat 11 PLC$	UK	Full	-	-	E1				
	Ecarat 10$	France	Full	-	-		Full	-	-	E2
	Ecarat 10 PLC$	UK	Full	-	-		Full	-	-	E2
	Ecarat 6 PLC$	UK				S1	Full	-	-	
	Ecarat 7 PLC$	UK	Full	-	-		Full	-	-	
	Ecarat 8 PLC$	UK	Full	-	-		Full	-	-	
	Ecarat 9 PLC$	UK	Full	-	-		Full	-	-	
	Ecarat SA$	Luxemburg	Full	-	-		Full	-	-	
	Effico	France	Equity	24.5%	24.5%		Equity	24.5%	24.5%	
	Ekspres Bank AS	Denmark	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Ekspres Bank AS (Norway branch)	Norway	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Ekspres Bank AS (Sweden branch)	Sweden	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Eos Aremas Belgium SA NV	Belgium	Equity	50.0%	49.9%		Equity	50.0%	49.9%	
	Findomestic Banca SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Florence SPV SRL$	Italy	Full	-	-		Full	-	-	
	GCC Consumo Establecimiento Financiero de Credito SA	Spain	Full	51.0%	51.0%		Full	51.0%	51.0%	
	Genius Auto Finance Co Ltd	China	Equity(3)	20.0%	20.0%		Equity(3)	20.0%	20.0%	
	Laser ABS 2017 Holding Ltd	UK				S3	Full	100.0%	100.0%	
	Laser ABS 2017 PLC$	UK				S3	Full	-	-	
	Leval 20	France				S4	Full	100.0%	100.0%	
	Loisirs Finance	France	Full(1)	51.0%	51.0%		Full(1)	51.0%	51.0%	
	Magyar Cetelem Bank ZRT	Hungary	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Neuilly Contentieux	France	Full	95.9%	95.6%	V3	Full	96.0%	95.7%	
	Noria 2018-1$	France	Full	-	-		Full	-	-	
	NORIA 2020$	France	Full	-	-	E2				
	Noria Spain 2020, FT$	Spain	Full	-	-	E2				
	Norrsken Finance	France				S4	Full(1)	100.0%	100.0%	
	Olympia SAS	France	Full	50.0%	50.0%		Full	50.0%	50.0%	
	Oney Magyarorszag ZRT	Hungary				S2	Equity	40.0%	40.0%	
	Opel Bank	France	Full	50.0%	50.0%		Full	50.0%	50.0%	
	Opel Bank (Austria branch)	Austria	Full	50.0%	50.0%	E2				

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Opel Bank (Germany branch)	Germany	Full	50.0%	50.0%		Full	50.0%	50.0%	E2
	Opel Bank (Greece branch)	Greece	Full	50.0%	50.0%		Full	50.0%	50.0%	E2
	Opel Bank (Italy branch)	Italy	Full	50.0%	50.0%		Full	50.0%	50.0%	E2
	Opel Bank (Spain branch)	Spain	Full	50.0%	50.0%		Full	50.0%	50.0%	E2
	Opel Finance BV	Belgium	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Opel Finance International BV	Netherlands				S4	Full	100.0%	50.0%	
	Opel Finance NV	Netherlands	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Opel Finance SA	Switzerland	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Opel Leasing GmbH	Germany				S4	Full	100.0%	50.0%	
	Opel Leasing GmbH (Austria branch)	Austria				S4	Full	100.0%	50.0%	
	Phedina Hypotheken 2010 BV[s]	Netherlands	Full	-	-		Full	-	-	
	Projeo	France				S4	Full(1)	100.0%	100.0%	
	RCS Botswana Pty Ltd	Botswana	Full	100.0%	100.0%	E1				
	RCS Cards Pty Ltd	South Africa	Full	100.0%	100.0%		Full	100.0%	100.0%	
	RCS Investment Holdings Namibia Pty Ltd	Namibia	Full	100.0%	100.0%	E1				
	Securitisation funds UCI and RMBS Prado (b)[s]	Spain	Equity(3)	-	-		Equity(3)	-	-	
	Servicios Financieros Carrefour EFC SA	Spain	Equity	37.3%	40.0%		Equity	37.3%	40.0%	
	Solfinéa (Ex- Banque Solfea)	France	Equity(3)	45.0%	45.0%		Equity(3)	45.0%	45.0%	
	Suning Consumer Finance Co Ltd	China	Equity	15.0%	15.0%		Equity	15.0%	15.0%	
	Sygma Funding Two Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Symag	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	TEB Finansman AS	Turkey	Full	100.0%	92.8%		Full	100.0%	92.8%	
	Union de Creditos Inmobiliarios SA	Spain	Equity(3)	50.0%	50.0%		Equity(3)	50.0%	50.0%	
	United Partnership	France	Equity(3)	50.0%	50.0%		Equity(3)	50.0%	50.0%	
	Vauxhall Finance PLC	UK	Full	100.0%	50.0%		Full	100.0%	50.0%	
	XFERA Consumer Finance EFC SA	Spain	Full	51.0%	51.0%	E1				
International Retail Banking - BancWest										
	BancWest Holding Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BancWest Holding Inc Grantor Trust ERC Subaccount[s]	USA	Full	-	-		Full	-	-	E1
	Bancwest Holding Inc Umbrella Trust[s]	USA	Full	-	-	E2				
	BancWest Investment Services Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Bank of the West	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Bank of the West Auto Trust 2018-1[s]	USA	Full	-	-		Full	-	-	
	Bank of the West Auto Trust 2019-1[s]	USA	Full	-	-		Full	-	-	
	Bank of the West Auto Trust 2019-2[s]	USA	Full	-	-		Full	-	-	E2
	BNPP Leasing Solutions Canada Inc	Canada	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BOW Auto Receivables LLC[s]	USA	Full	-	-		Full	-	-	
	BWC Opportunity Fund 2 Inc[s]	USA	Full	-	-		Full	-	-	E2
	BWC Opportunity Fund Inc[s]	USA	Full	-	-		Full	-	-	
	CFB Community Development Corp	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Claas Financial Services LLC	USA	Full	51.0%	51.0%		Full	51.0%	51.0%	
	Commercial Federal Affordable Housing Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	

Business	Name	Country	31 December 2020 Method	31 December 2020 Voting (%)	31 December 2020 Interest (%)	31 December 2020 Ref.	31 December 2019 Method	31 December 2019 Voting (%)	31 December 2019 Interest (%)	31 December 2019 Ref.
	Commercial Federal Community Development Corp	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Commercial Federal Insurance Corp	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Commercial Federal Investment Service Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	First Santa Clara Corp[s]	USA	Full	-	-		Full	-	-	
	Liberty Leasing Co	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	United California Bank Deferred Compensation Plan Trust[s]	USA	Full	-	-	E2				
	Ursus Real Estate Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
International Retail Banking - Europe Mediterranean										
	Bank of Nanjing	China	Equity	14.0%	14.0%	V3	Equity	15.0%	15.0%	
	Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire	Ivory Coast	Full	59.8%	59.8%		Full	59.8%	59.8%	
	Banque Internationale pour le Commerce et l'Industrie de la Guinée	Guinea	Full	55.6%	55.6%		Full	55.6%	55.6%	
	Banque Internationale pour le Commerce et l'Industrie du Burkina Faso	Burkina Faso	Full	51.0%	51.0%		Full	51.0%	51.0%	
	Banque Internationale pour le Commerce et l'Industrie du Gabon	Gabon				S2	Equity	47.0%	47.0%	
	Banque Internationale pour le Commerce et l'Industrie du Mali	Mali				S2	Full	85.0%	85.0%	
	Banque Internationale pour le Commerce et l'Industrie du Sénégal	Senegal	Full	54.1%	54.1%		Full	54.1%	54.1%	
	Banque Marocaine pour le Commerce et l'Industrie	Morocco	Full	67.0%	67.0%		Full	67.0%	67.0%	
	Banque Marocaine pour le Commerce et l'Industrie Banque Offshore	Morocco	Full	100.0%	67.0%		Full	100.0%	67.0%	
	Banque pour l'Industrie et le Commerce des Comores	Comoros				S2	Full	51.0%	51.0%	
	Bantas Nakit AS	Turkey	Equity[3]	33.3%	16.7%		Equity[3]	33.3%	16.7%	
	BDSI	Morocco	Full	100.0%	96.4%		Full	100.0%	96.4%	E1
	BGZ Poland ABS1 DAC[s]	Ireland	Full	-	-		Full	-	-	
	BICI Bourse	Ivory Coast	Full	90.0%	51.6%	V3	Full	90.0%	53.5%	
	BMCI Leasing	Morocco	Full	86.9%	58.2%		Full	86.9%	58.2%	
	BNPP Bank Polska SA	Poland	Full	88.8%	88.7%		Full	88.8%	88.7%	
	BNPP El Djazair	Algeria	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Faktoring Spolka ZOO	Poland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Fortis Yatirimlar Holding AS	Turkey	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP IRB Participations	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Solutions Spolka ZOO	Poland	Full	100.0%	88.7%		Full	100.0%	88.7%	
	BNPP Yatirimlar Holding AS	Turkey	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Joint Stock Company Ukrsibbank (Ex- UkrSibbank Public JSC)	Ukraine	Full	60.0%	60.0%		Full	60.0%	60.0%	
	TEB Faktoring AS	Turkey	Full	100.0%	72.5%		Full	100.0%	72.5%	
	TEB Holding AS	Turkey	Full	50.0%	50.0%		Full	50.0%	50.0%	
	TEB Portfoy Yonetimi AS	Turkey				S3	Full	100.0%	72.5%	V4
	TEB SH A	Serbia	Full	100.0%	50.0%		Full	100.0%	50.0%	
	TEB Yatirim Menkul Degerler AS	Turkey	Full	100.0%	72.5%		Full	100.0%	72.5%	
	Turk Ekonomi Bankasi AS	Turkey	Full	100.0%	72.5%		Full	100.0%	72.5%	
	Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50.1%	50.1%		Full	50.1%	50.1%	
Insurance										
	AEW Immocommercial[s]	France	FV	-	-		FV	-	-	
	AG Insurance	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	
	Agathe Retail France	France	FV	33.3%	33.3%		FV	33.3%	33.3%	

Business	Name	Country	31 December 2020				31 December 2019			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Ambrosia Avril 2025[s]	France	Full(4)	-	-		Full(4)	-	-	V4
	Ambrosia Mars 2026[s]	France	Full(4)	-	-		Full(4)	-	-	E1
	Astridplaza	Belgium	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	E3
	Batipart Participations SAS	Luxemburg	FV	29.7%	29.7%		FV	29.7%	29.7%	
	BNPP Actions Croissance[s]	France	Full(4)	-	-		Full(4)	-	-	V4
	BNPP Actions Entrepreneurs[s]	France	Full(4)	-	-		Full(4)	-	-	V4
	BNPP Actions Euro[s]	France	Full(4)	-	-		Full(4)	-	-	V3
	BNPP Actions Monde[s]	France	Full(4)	-	-		Full(4)	-	-	V4
	BNPP Actions PME[s]	France	Full(4)	-	-		Full(4)	-	-	V3
	BNPP Aqua[s]	France	Full(4)	-	-		Full(4)	-	-	V4
	BNPP Best Selection Actions Euro[s]	France	Full(4)	-	-		Full(4)	-	-	V3
	BNPP Cardif	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif BV	Netherlands	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Compania de Seguros y Reaseguros SA	Peru	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Emeklilik AS	Turkey	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif General Insurance Co Ltd	Rep. of Korea	Equity *	92.5%	92.5%	V4	Equity *	91.3%	91.3%	V4
	BNPP Cardif Hayat Sigorta AS	Turkey	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Levensverzekeringen NV	Netherlands	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Livforsakring AB (Ex- Cardif Livforsakring AB)	Sweden	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Livforsakring AB (succ. Danemark) (Ex- Cardif Livforsakring AB (succ. Danemark))	Denmark	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Livforsakring AB (succ. Norvège) (Ex- Cardif Livforsakring AB (succ. Norvège))	Norway	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Pojistovna AS	Czech Rep.	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Schadeverzekeringen NV	Netherlands	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Seguros de Vida SA	Chile	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Seguros Generales SA	Chile	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Cardif Services SRO	Czech Rep.	Equity *	100.0%	100.0%	E1				
	BNPP Cardif Servicios y Asistencia Ltda	Chile	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Sigorta AS	Turkey	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif TCB Life Insurance Co Ltd	Taiwan	Equity	49.0%	49.0%		Equity	49.0%	49.0%	
	BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Convictions[s]	France	Full(4)	-	-		Full(4)	-	-	
	BNPP CP Cardif Alternative[s]	France	Full(2)	-	-		Full(2)	-	-	
	BNPP CP Cardif Private Debt[s]	France	Full(4)	-	-		Full(4)	-	-	
	BNPP CP Infrastructure Investments Fund[s]	France	Full(4)	-	-		Full(4)	-	-	E1
	BNPP Deep Value[s]	France	Full(4)	-	-		Full(4)	-	-	E1
	BNPP Développement Humain[s]	France	Full(4)	-	-		Full(4)	-	-	
	BNPP Diversipierre[s]	France	Full(2)	-	-		Full(2)	-	-	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Europe High Conviction Bond (Ex- CamGestion Obligations Europe)[s]	France	Full[4]	-	-		Full[4]	-	-	E1
	BNPP France Crédit[s]	France	Full[2]	-	-		Full[2]	-	-	
	BNPP Global Senior Corporate Loans[s]	France	Full[4]	-	-		Full[4]	-	-	
	BNPP Indice Amerique du Nord[s]	France	Full[4]	-	-		Full[4]	-	-	V4
	BNPP Indice Euro[s]	France	Full[4]	-	-	E1				S3
	BNPP Indice France[s]	France				S3	Full[4]	-	-	E1
	BNPP Midcap France[s]	France	Full[4]	-	-		Full[4]	-	-	V3
	BNPP Moderate Focus Italia[s]	France	Full[4]	-	-		Full[4]	-	-	E1
	BNPP Monétaire Assurance[s]	France	Full[4]	-	-	E1				S3
	BNPP Multistratégies Protection 80[s]	France	Full[4]	-	-		Full[4]	-	-	E1
	BNPP Protection Monde[s]	France	Full[4]	-	-		Full[4]	-	-	
	BNPP Sélection Dynamique Monde[s]	France	Full[4]	-	-		Full[4]	-	-	V3
	BNPP Sélection Flexible[s]	France	Full[4]	-	-		Full[4]	-	-	
	BNPP Smallcap Euroland[s]	France	Full[4]	-	-		Full[4]	-	-	E1
	BOB Cardif Life Insurance Co Ltd	China	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	C Santé[s]	France	Full[2]	-	-		Full[2]	-	-	
	Camgestion Obliflexible[s]	France	Full[2]	-	-		Full[2]	-	-	
	Capital France Hotel	France	Full[2]	98.4%	98.4%		Full[2]	98.4%	98.4%	
	Cardif Alternatives Part I[s]	France	Full[2]	-	-		Full[2]	-	-	
	Cardif Assurance Vie	France	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Austria branch)	Austria	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Belgium branch)	Belgium	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Germany branch)	Germany	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Italy branch)	Italy	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Netherlands branch)	Netherlands	Full[2]	100.0%	100.0%	E2				
	Cardif Assurance Vie (Portugal branch)	Portugal	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Romania branch)	Romania	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Spain branch)	Spain	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Switzerland branch)	Switzerland	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurance Vie (Taiwan branch)	Taiwan	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurances Risques Divers	France	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurances Risques Divers (Austria branch)	Austria	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Cardif Assurances Risques Divers (Germany branch)	Germany	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	Cardif Assurances Risques Divers (Italy branch)	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Luxemburg branch)	Luxemburg				S1	Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Netherlands branch)	Netherlands	Full(2)	100.0%	100.0%	E2				
	Cardif Assurances Risques Divers (Poland branch)	Poland	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Romania branch)	Romania	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Spain branch)	Spain	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Biztosito Magyarorszag ZRT	Hungary	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif BNPP AM Emerging Bond[s]	France	Full(2)	-	-	E1				
	Cardif BNPP AM Frontier Markets[s]	France				S3	Full(2)	-	-	
	Cardif BNPP AM Global Senior Corporate Loans (Ex- Cardif BNPP IP Global Senior Corporate Loans)[s]	France	Full(4)	-	-		Full(4)	-	-	E1
	Cardif BNPP IP Convertibles World[s]	France	Full(2)	-	-		Full(2)	-	-	
	Cardif BNPP IP Signatures[s]	France	Full(2)	-	-		Full(2)	-	-	
	Cardif BNPP IP Smid Cap Euro[s]	France	Full(2)	-	-		Full(2)	-	-	
	Cardif Colombia Seguros Generales SA	Colombia	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif CPR Global Return[s]	France	Full(2)	-	-		Full(2)	-	-	
	Cardif do Brasil Seguros e Garantias SA	Brazil	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif do Brasil Vida e Previdencia SA	Brazil	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Edrim Signatures[s]	France	Full(2)	-	-		Full(2)	-	-	
	Cardif El Djazair	Algeria	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Forsakring AB	Sweden	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Forsakring AB (Denmark branch)	Denmark	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Forsakring AB (Norway branch)	Norway	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif IARD	France	Full(2)	66.0%	66.0%		Full(2)	66.0%	66.0%	
	Cardif Insurance Co LLC	Russia	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Life Insurance Co Ltd	Rep. of Korea	Full(2)	85.0%	85.0%		Full(2)	85.0%	85.0%	
	Cardif Life Insurance Japan	Japan	Full(2)	75.0%	75.0%		Full(2)	75.0%	75.0%	
	Cardif Ltda	Brazil	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Lux Vie	Luxemburg	Full(2)	100.0%	88.6%		Full(2)	100.0%	88.6%	
	Cardif Mexico Seguros de Vida SA de CV	Mexico	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Mexico Seguros Generales SA de CV	Mexico	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Non Life Insurance Japan	Japan	Full(2)	100.0%	75.0%		Full(2)	100.0%	75.0%	
	Cardif Nordic AB	Sweden	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Pinnacle Insurance Holdings PLC	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Pinnacle Insurance Management Services PLC	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Polska Towarzystwo Ubezpieczen Na Zycie SA	Poland	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Cardif Seguros SA	Argentina	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cardif Services AEIE	Portugal	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	E1
	Cardif Servicios SA	Argentina				S3	Equity *	100.0%	100.0%	
	Cardif Servicios SAC	Peru	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Vita Convex Fund Eur$	France	Full(2)	-	-		Full(2)	-	-	
	Cardimmo	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cargeas Assicurazioni SPA	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Carma Grand Horizon SARL	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cedrus Carbon Initiative Trends$	France	Full(2)	-	-		Full(2)	-	-	
	CFH Algonquin Management Partners France Italia	Italy	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Bercy	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Bercy Hotel	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Bercy Intermédiaire	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Boulogne	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Cap d'Ail	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Milan Holdco SRL	Italy	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Montmartre	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	CFH Montparnasse	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	Corosa	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Darnell DAC	Ireland	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Défense CB3 SAS	France	FV	25.0%	25.0%		FV	25.0%	25.0%	
	Eclair$	France	Full(4)	-	-		Full(4)	-	-	E1
	EP L$	France	Full(2)	-	-		Full(2)	-	-	V4
	EP1 Grands Moulins	France	Equity *	-	-	E1				
	FDI Poncelet	France	Full(2)	100.0%	100.0%	E2				
	Fleur SAS	France	FV	33.3%	33.3%		FV	33.3%	33.3%	
	Foncière Partenaires$	France	FV	-	-		FV	-	-	
	Fonds d'Investissements Immobiliers pour le Commerce et la Distribution	France	FV	25.0%	25.0%		FV	25.0%	25.0%	
	FP Cardif Convex Fund USD$	France	Full(2)	-	-		Full(2)	-	-	
	Fundamenta$	Italy	Full(2)	-	-		Full(2)	-	-	
	G C Thematic Opportunities II$	Ireland	Full(2)	-	-		Full(2)	-	-	
	GIE BNPP Cardif	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Harewood Helena 2 Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Hemisphere Holding	France	Equity	20.0%	20.0%		Equity	20.0%	20.0%	E2
	Hibernia France	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	High Street Retail	France	FV	26.2%	26.2%	V4	FV	23.8%	23.8%	E1
	Horizon Development GmbH (Ex- Horizon GmbH)	Germany	FV	66.7%	64.7%		FV	66.7%	64.7%	E3

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	Icare	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Icare Assurance	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Karapass Courtage	France	Equity *	100.0%	100.0%	E3				
	Korian et Partenaires Immobilier 1	France	FV	24.5%	24.5%	E2				
	Korian et Partenaires Immobilier 2	France	FV	24.5%	24.5%	E2				
	Luizaseg	Brazil	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	Natio Assurance	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Natio Fonds Ampère 1$	France	Full(4)	-	-		Full(4)	-	-	
	Natio Fonds Athenes Investissement N 5$	France	Full(2)	-	-		Full(2)	-	-	
	Natio Fonds Colline International$	France	Full(2)	-	-		Full(2)	-	-	
	Natio Fonds Collines Investissement N 1$	France	Full(2)	-	-		Full(2)	-	-	
	Natio Fonds Collines Investissement N 3$	France	Full(2)	-	-		Full(2)	-	-	
	NCVP Participacoes Societarias SA	Brazil	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	New Alpha Cardif Incubator Fund$	France	Full(2)	-	-		Full(2)	-	-	
	Opéra Rendement$	France	Full(2)	-	-		Full(2)	-	-	
	Paris Management Consultant Co Ltd	Taiwan	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	E1
	Permal Cardif Co Investment Fund$	France	Full(2)	-	-		Full(2)	-	-	
	Pinnacle Insurance PLC	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Poistovna Cardif Slovakia AS	Slovakia	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Preim Healthcare SAS$	France	FV	-	-		FV	-	-	
	PWH	France	FV	47.5%	47.5%	V4	FV	47.4%	47.4%	
	Reumal Investissements	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Rubin SARL	Luxemburg	FV	50.0%	50.0%		FV	50.0%	50.0%	
	Rueil Ariane	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SAS HVP	France	Full(2)	100.0%	98.4%		Full(2)	100.0%	98.4%	
	SCI 68/70 rue de Lagny - Montreuil	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Alpha Park	France	FV	50.0%	50.0%		FV	50.0%	50.0%	
	SCI BNPP Pierre I	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI BNPP Pierre II	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Bobigny Jean Rostand	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Bouleragny	France	FV	50.0%	50.0%		FV	50.0%	50.0%	
	SCI Cardif Logement	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Citylight Boulogne	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Clichy Nuovo	France	FV	50.0%	50.0%		FV	50.0%	50.0%	
	SCI Défense Etoile	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Défense Vendôme	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Etoile du Nord	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Fontenay Plaisance	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	SCI Imefa Velizy	France	FV	21.8%	21.8%		FV	21.8%	21.8%	
	SCI Le Mans Gare	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Liberté	France	FV	50.0%	50.0%		FV	50.0%	50.0%	
	SCI Nanterre Guilleraies	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Nantes Carnot	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Odyssée	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Pantin Les Moulins	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Paris Batignolles	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Paris Cours de Vincennes	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Paris Grande Armée (Ex- SCI Paris Grande Armée France)	France	Full(2)	100.0%	100.0%	E2				
	SCI Paris Turenne	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	E2
	SCI Portes de Claye	France	Equity	45.0%	45.0%		Equity	45.0%	45.0%	
	SCI Rue Moussorgski	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Rueil Caudron	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Saint Denis Landy	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Saint Denis Mitterrand	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI Saint-Denis Jade	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	SCI SCOO	France	Equity	46.4%	46.4%		Equity	46.4%	46.4%	
	SCI Vendôme Athènes	France	FV	50.0%	50.0%		FV	50.0%	50.0%	
	SCI Villeurbanne Stalingrad	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Secar	France	FV	55.1%	55.1%		FV	55.1%	55.1%	V2
	Seniorenzentren Deutschland Holding SARL	Luxemburg	FV	20.0%	17.7%		FV	20,0%	17,7%	
	Seniorenzentren Reinbeck Oberursel München Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	
	Seniorenzentrum Butzbach Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	
	Seniorenzentrum Heilbronn Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	
	Seniorenzentrum Kassel Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	
	Seniorenzentrum Wolfratshausen Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	
	SNC Batipart Poncelet	France	FV	23.3%	23.3%	E2				
	Société Francaise d'Assurances sur la Vie	France	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	Société Immobilière du Royal Building SA	Luxemburg	Full(2)	100.0%	88.6%		Full(2)	100.0%	88.6%	
	Tikehau Cardif Loan Europe(s)	France	Full(2)	-	-		Full(2)	-	-	
	Valeur Pierre Epargne	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Valtitres FCP(s)	France	Full(2)	-	-		Full(2)	-	-	
	Velizy Holding (Ex- Velizy SAS)	France	FV	33.3%	33.3%		FV	33.3%	33.3%	
	Vietcombank Cardif Life Insurance Co Ltd	Viet Nam				S2	Equity	55.0%	55.0%	V1
Wealth Management										
	BNPP Wealth Management DIFC Ltd	United Arab Emirates	Full	100.0%	100.0%	E1				
	BNPP Wealth Management Monaco	Monaco	Full(1)	100.0%	100.0%		Full(1)	100.0%	100.0%	
Asset Management										

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Alfred Berg Kapitalforvaltning AB	Sweden				S3	Full	100.0%	98.2%	
	Alfred Berg Kapitalforvaltning AS	Norway	Full	100.0%	98.2%		Full	100.0%	98.2%	
	Alfred Berg Kapitalforvaltning AS (Sweden branch)	Sweden	Full	100.0%	98.2%		Full	100.0%	98.2%	E2
	Bancoestado Administradora General de Fondos SA	Chile	Equity	50.0%	49.1%		Equity	50.0%	49.1%	
	Becquerel[$]	France	Full[4]	-	-	E1				
	BNPP Asset Management Asia Ltd	Hong Kong	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Be Holding	Belgium	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Belgium	Belgium	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Brasil Ltda	Brazil	Full	100.0%	99.5%		Full	100.0%	99.5%	
	BNPP Asset Management France	France	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management France (Austria branch)	Austria	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management France (Germany branch)	Germany	Full	100.0%	98.2%		Full	100.0%	98.2%	E2
	BNPP Asset Management France (Italy branch)	Italy	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management France (Netherlands branch)	Netherlands	Full	100.0%	98.2%	E2				
	BNPP Asset Management Holding	France	Full	99.9%	98.2%		Full	99.9%	98.2%	
	BNPP Asset Management India Private Ltd	India	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Japan Ltd	Japan	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Luxembourg	Luxemburg	Full	99.7%	97.9%		Full	99.7%	97.9%	
	BNPP Asset Management Nederland NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management NL Holding NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management PT	Indonesia	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management Services Grouping	France	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management UK Ltd	UK	Full	100.0%	98.2%		Full	100.0%	98.2%	
	BNPP Asset Management USA Holdings Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Asset Management USA Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP B Control[$]	Belgium				S3	Full	-	-	E1
	BNPP B Institutional II[$]	Belgium	Full[4]	-	-		Full	-	-	
	BNPP Capital Partners	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Dealing Services	France	Full[1]	100.0%	98.2%		Full[1]	100.0%	98.2%	
	BNPP Flexi I[$]	Luxemburg	Full[4]	-	-	E1				
	BNPP Funds[$]	Luxemburg	Full[4]	-	-		Full[4]	-	-	
	BNPP L1[$]	Luxemburg	Full[4]	-	-		Full[4]	-	-	
	BNPP Multigestion[$]	France	Full[4]	-	-	E1				
	BNPP Perspectives[$]	France	Full[4]	-	-		Full[4]	-	-	
	BNPP Social Business France[$]	France	Full[4]	-	-	E1				
	Drypnir AS	Norway	Full	100.0%	0.1%	E1				
	EAB Group PLC	Finland	Equity	17.6%	17.3%		Equity	17.6%	17.3%	V3
	Elegia Septembre 2028[$]	France	Full[4]	-	-	E1				
	Fund Channel	Luxemburg				S2	Equity[3]	50.0%	49.1%	
	Fundquest Advisor	France	Full	100.0%	98.2%		Full	100.0%	98.2%	
	Fundquest Advisor (United kingdom branch)	UK	Full	100.0%	98.2%		Full	100.0%	98.2%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	Gambit Financial Solutions	Belgium	Full	86.0%	84.4%		Full	86.0%	84.4%	
	Groeivermogen NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	
	Haitong Fortis Private Equity Fund Management Co Ltd	China	Equity	33.0%	32.4%		Equity	33.0%	32.4%	
	Harewood Helena 1 Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	HFT Investment Management Co Ltd	China	Equity	49.0%	48.1%		Equity	49.0%	48.1%	
	Impax Asset Management Group PLC	UK	Equity	14.0%	13.7%	V2	Equity	24.5%	24.0%	
	Parworld[s]	Luxemburg				S3	Full	-	-	
	Services Epargne Entreprise	France	Equity	35.6%	35.6%	V2	Equity	37.1%	37.1%	
	Shinhan BNPP Asset Management Co Ltd	Rep. of Korea	Equity	35.0%	34.4%		Equity	35.0%	34.4%	
	SME Alternative Financing DAC[s]	Ireland	Full	-	-		Full	-	-	
	Theam Quant[s]	Luxemburg	Full[(4)]	-	-		Full[(4)]	-	-	
Real Estate Services										
	Auguste Thouard Expertise	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Immobilier Promotion Immobilier d'Entreprise	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Immobilier Résidences Services	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Immobilier Résidentiel	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Immobilier Résidentiel Service Clients	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate (United arab emirates branch)	United Arab Emirates	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory & Property Management Luxembourg SA	Luxemburg	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory & Property Management UK Ltd	UK	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory and Property Management Ireland Ltd	Ireland	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory Belgium SA	Belgium	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory Italy SPA	Italy	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory Netherlands BV	Netherlands	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Advisory SA	Romania				S2	Full[(2)]	100.0%	100.0%	
	BNPP Real Estate APM CR SRO	Czech Rep.	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Conseil Habitation & Hospitality	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Consult France	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Consult GmbH	Germany	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Facilities Management Ltd	UK	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Financial Partner	France	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate GmbH	Germany	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Holding Benelux SA	Belgium	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Holding GmbH	Germany	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Investment Management Belgium	Belgium	Full[(2)]	100.0%	100.0%		Full[(2)]	100.0%	100.0%	
	BNPP Real Estate Investment Management France	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Investment Management Germany GmbH	Germany	Full	94.9%	94.9%		Full	94.9%	94.9%	

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	BNPP Real Estate Investment Management Germany GmbH (Italy branch)	Italy	Full	94.9%	94.9%		Full	94.9%	94.9%	
	BNPP Real Estate Investment Management Germany GmbH (Spain branch)	Spain	Full	94.9%	94.9%		Full	94.9%	94.9%	
	BNPP Real Estate Investment Management Italy SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Investment Management Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Investment Management Luxembourg SA	Luxemburg	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Investment Management Spain SA	Spain	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Investment Management UK Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Italy SRL	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Magyarorszag Tanacsado Es Ingatlankezelo ZRT	Hungary	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Poland SP ZOO	Poland	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Portugal Unipersonal LDA	Portugal	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	E2
	BNPP Real Estate Property Development & Services GmbH	Germany	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Development UK Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Developpement Italy SPA	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Management Belgium	Belgium	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Management France SAS	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Management GmbH	Germany	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Property Management Italy SRL	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Singapore Pte Ltd	Singapore	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	E2
	BNPP Real Estate Spain SA	Spain	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	BNPP Real Estate Transaction France	France	Full(2)	96.9%	96.9%	V1	Full(2)	96.5%	96.5%	V4
	BNPP Real Estate Valuation France	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Cariboo Development SL	Spain	Equity	65.0%	65.0%	V2	Equity	75.0%	75.0%	E3
	Construction-Sale Companies (c)	France	Full / Equity(2)	-	-		Full / Equity(2)	-	-	
	GIE Siège Issy	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Horti Milano SRL	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Lifizz	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Nanterre Arboretum	France	Full(2)	100.0%	100.0%	E2				
	Parker Tower Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Partner's & Services	France	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	REPD Parker Ltd	UK	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
	Société Auxiliaire de Construction Immobilière	France				S4	Full(2)	100.0%	100.0%	
	Sviluppo Residenziale Italia SRL	Italy	Full(2)	100.0%	100.0%		Full(2)	100.0%	100.0%	
Territory of Switzerland										
	BNPP Suisse SA	Switzerland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Suisse SA (Guernsey branch)	Guernsey				S1	Full	100.0%	100.0%	
CORPORATE & INSTITUTIONAL BANKING										

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
SECURITIES SERVICES										
	Allfunds UK Ltd	UK	Equity	22.5%	22.4%	E3				
	AssetMetrix	Germany	Equity	14.2%	14.2%	E1				
	BNPP Financial Services LLC	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Fund Administration Services Ireland Ltd	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Fund Services Australasia Pty Ltd	Australia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Fund Services Australasia Pty Ltd (New zealand branch)	New Zealand	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Global Securities Operations Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Services	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Australia branch)	Australia	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Belgium branch)	Belgium	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Germany branch)	Germany	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Greece branch)	Greece	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Guernsey branch)	Guernsey	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Hong kong branch)	Hong Kong	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Hungary branch)	Hungary	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Ireland branch)	Ireland	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Italy branch)	Italy	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Jersey branch)	Jersey	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Luxemburg branch)	Luxemburg	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Netherlands branch)	Netherlands	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Poland branch)	Poland	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Portugal branch)	Portugal	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Singapore branch)	Singapore	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Spain branch)	Spain	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (Switzerland branch)	Switzerland	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	BNPP Securities Services (United kingdom branch)	UK	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	Services Logiciels d'Intégration Boursière	France	Equity[3]	66.6%	66.6%		Equity[3]	66.6%	66.6%	
CIB EMEA (Europe, Middle East, Africa)										
France										
	Atargatis[s]	France	Full	-	-		Full	-	-	
	Auseter Real Estate Opportunities SARL[s]	Luxemburg	Full	-	-		Full	-	-	
	Austin Finance[s]	France	Full	-	-		Full	-	-	
	BNPP Arbitrage	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	Compagnie d'Investissement Italiens[s]	France	Full	-	-		Full	-	-	
	Compagnie d'Investissement Opéra[s]	France	Full	-	-		Full	-	-	
	Esomet	France				S4	Full	100.0%	100.0%	
	Eurotitrisation	France	Equity	23.0%	23.0%		Equity	23.0%	23.0%	
	FCT Juice[s]	France	Full	-	-		Full	-	-	
	Financière des Italiens[s]	France	Full	-	-		Full	-	-	
	Financière du Marché Saint Honoré	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Financière Paris Haussmann[s]	France	Full	-	-		Full	-	-	
	Financière Taitbout[s]	France	Full	-	-		Full	-	-	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Mediterranea[s]	France	Full	-	-		Full	-	-	
	Optichamps[s]	France	Full	-	-		Full	-	-	
	Parilease	France	Full[1]	100.0%	100.0%		Full[1]	100.0%	100.0%	
	Participations Opéra[s]	France	Full	-	-		Full	-	-	
	SNC Taitbout Participation 3	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Société Orbaisienne de Participations	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Verner Investissements	France	Equity	40.0%	50.0%		Equity	40.0%	50.0%	
Other European countries										
	Alectra Finance PLC[s]	Ireland	Full	-	-		Full	-	-	
	Aquarius + Investments PLC[s]	Ireland	Full	-	-		Full	-	-	
	Aries Capital DAC[s]	Ireland	Full	-	-		Full	-	-	
	BNP PUK Holding Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Bank JSC	Russia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Emissions- Und Handels- GmbH[s]	Germany	Full	-	-		Full	-	-	
	BNPP Invest Holdings BV	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Ireland Unlimited Co	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Islamic Issuance BV[s]	Netherlands	Full	-	-		Full	-	-	
	BNPP Issuance BV[s]	Netherlands	Full	-	-		Full	-	-	
	BNPP Net Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Prime Brokerage International Ltd	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Technology LLC	Russia	Full	100.0%	100.0%	E2				
	BNPP Vartry Reinsurance DAC	Ireland	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	
	Diamante Re SRL	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Ejesur SA	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	
	FScholen	Belgium	Equity[3]	50.0%	50.0%		Equity[3]	50.0%	50.0%	
	Greenstars BNPP	Luxemburg	Full[2]	100.0%	100.0%		Full[2]	100.0%	100.0%	D1
	Kantox Ltd	UK	Equity	8.8%	8.8%	E3				
	Madison Arbor Ltd[s]	Ireland	Full	-	-		Full	-	-	
	Matchpoint Finance PLC[s]	Ireland	Full	-	-		Full	-	-	
	Ribera Del Loira Arbitrage	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Scaldis Capital Ltd[s]	Jersey				S3	Full	-	-	
	Single Platform Investment Repackaging Entity SA[s]	Luxemburg	Full	-	-	E2				
	Utexam Logistics Ltd	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Utexam Solutions Ltd	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
Middle East										
	BNPP Investment Co KSA	Saudi Arabia	Full	100.0%	100.0%		Full	100.0%	100.0%	
AMERICAS										
	Banco BNPP Brasil SA	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Canada Corp	Canada	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Capital Services Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Colombia Corporacion Financiera SA	Colombia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Energy Trading GP	USA				S1	Full	100.0%	100.0%	

			31 December 2020				31 December 2019			
Business	Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Energy Trading LLC	USA				S1	Full	100.0%	100.0%	
	BNPP EQD Brazil Fund Fundo de Investmento Multimercado[s]	Brazil	Full	-	-		Full	-	-	
	BNPP FS LLC	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP IT Solutions Canada Inc	Canada	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Proprietario Fundo de Investimento Multimercado[s]	Brazil	Full	-	-		Full	-	-	
	BNPP RCC Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Corp	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP US Investments Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP US Wholesale Holdings Corp	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP USA Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP VPG Brookline Cre LLC[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG CT Holdings LLC[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG EDMC Holdings LLC[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG Express LLC[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG I LLC (Ex- BNPP VPG Brookfin LLC)[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG II LLC (Ex- BNPP VPG Adonis LLC)[s]	USA	Full	-	-		Full	-	-	
	BNPP VPG Master LLC[s]	USA	Full	-	-		Full	-	-	
	Dale Bakken Partners 2012 LLC	USA	FV	23.8%	23.8%		FV	23.8%	23.8%	
	Decart Re Ltd[s]	Bermuda	Full(2)	-	-		Full(2)	-	-	
	FSI Holdings Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Starbird Funding Corp[s]	USA	Full	-	-		Full	-	-	
PACIFIC ASIA										
	Bank BNPP Indonesia PT	Indonesia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Arbitrage Hong Kong Ltd	Hong Kong	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP China Ltd	China	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Commodities Trading Shanghai Co Ltd	China				S3	Full	100.0%	100.0%	
	BNPP Finance Hong Kong Ltd	Hong Kong	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP India Holding Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP India Solutions Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Malaysia Berhad	Malaysia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Asia Ltd	Hong Kong	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities India Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Japan Ltd	Japan	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Korea Co Ltd	Rep. of Korea	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Taiwan Co Ltd	Taiwan	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Sekuritas Indonesia PT	Indonesia	Full	99.0%	99.0%		Full	99.0%	99.0%	
	BPP Holdings Pte Ltd	Singapore	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Global Trade Network Pte Ltd	Singapore	Equity	7.5%	7.5%	E3				
OTHER BUSINESS UNITS										
Principal Investments										
	BNPP Agility Capital	France	Full	100.0%	100.0%	E1				
	BNPP Agility Fund Equity SLP[s]	France	Full(4)	-	-	E1				

Business	Name	Country	31 December 2020 Method	Voting (%)	Interest (%)	Ref.	31 December 2019 Method	Voting (%)	Interest (%)	Ref.
	BNPP Agility Fund Private Debt SLP[s]	France	Full[(4)]	-	-	E1				
Property Companies (Property Used In Operations) and Others										
	Antin Participation 5	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Home Loan SFH	France	Full[(1)]	100.0%	100.0%		Full[(1)]	100.0%	100.0%	
	BNPP Partners for Innovation	France	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	BNPP Procurement Tech	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Public Sector SCF	France	Full[(1)]	100.0%	100.0%		Full[(1)]	100.0%	100.0%	
	Euro Secured Notes Issuer[s]	France	Full	-	-		Full	-	-	
	FCT Laffitte 2016[s]	France	Full	-	-		Full	-	-	
	FCT Opéra 2014[s]	France	Full	-	-		Full	-	-	
	GIE Groupement Auxiliaire de Moyens	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	GIE Groupement d'Etudes et de Prestations	France	Full	100.0%	100.0%		Full	100.0%	100.0%	

(a) At 31 December 2020, 12 Private Equity investment entities versus 11 entities at 31 December 2019

(b) At 31 December 2020 the securitisation funds UCI and RMBS Prado include 16 funds (FCC UCI 9 to 12, 14 to 17, Fondo de Titulizacion Structured Covered Bonds, RMBS Prado II to VII and Green Belem I) versus 15 funds (FCC UCI 9 to 12, 14 to 17, Fondo de Titulizacion Structured Covered Bonds and RMBS Prado I to VI) at 31 December 2019

(c) At 31 December 2020, 112 Construction-sale companies (89 Full and 23 Equity) versus 103 at 31 December 2019 (84 Full and 19 Equity)

Changes in the scope of consolidation

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 (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing 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

Equity * Controlled but non material entities consolidated under the equity method as associates

FV Joint control or investment in associates measured at Fair Value through P&L

(s) Structured entities

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

7.i FEES PAID TO THE STATUTORY AUDITORS

Year to 31 Dec. 2020	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
Excluding tax, in thousands of euros	Total	%	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	14,383	74%	18,661	74%	12,315	81%	45,359	76%
- Issuer	3,567		4,795		2,463		10,825	
- Consolidated subsidiaries	10,816		13,866		9,852		34,534	
Services other than those required for their statutory audit engagement, including	5,061	26%	6,517	26%	2,826	19%	14,404	24%
- Issuer	1,094		919		354		2,367	
- Consolidated subsidiaries	3,967		5,598		2,472		12,037	
TOTAL	**19,444**	**100%**	**25,178**	**100%**	**15,141**	**100%**	**59,763**	**100%**
of which fees paid to statutory auditors in France for the statutory audit and contractual audit	*4,355*		*5,525*		*5,132*		*15,012*	
of which fees paid to statutory auditors in France for services other than those required for their statutory audit engagements	*1,364*		*1,588*		*1,640*		*4,592*	

Year to 31 Dec. 2019	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
Excluding tax, in thousands of euros	Total	%	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	15,043	79%	17,925	74%	11,654	87%	44,622	79%
- Issuer	3,469		4,677		2,419		10,565	
- Consolidated subsidiaries	11,574		13,248		9,235		34,057	
Services other than those required for their statutory audit engagement, including	3,929	21%	6,391	26%	1,729	13%	12,049	21%
- Issuer	521		1,994		1,089		3,604	
- Consolidated subsidiaries	3,408		4,397		640		8,445	
TOTAL	**18,972**	**100%**	**24,316**	**100%**	**13,383**	**100%**	**56,671**	**100%**
of which fees paid to statutory auditors in France for the statutory audit and contractual audit	*3,994*		*5,478*		*4,761*		*14,233*	
of which fees paid to statutory auditors in France for services other than those required for their statutory audit engagements	*787*		*1,832*		*1,075*		*3,694*	

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 621 thousand for the year 2020 (EUR 876 thousand in 2019).

Services other than those required for the statutory audit engagement are mainly composed this year of reviews of the entity's compliance with regulatory requirements, and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the Securities and Asset Management businesses, and expertise on the Bank's transformation projects.