



**BASE LISTING DOCUMENT DATED 3 APRIL 2020**

*If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.*

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**Non-collateralised Structured Products**  
**Base Listing Document relating to**  
**Structured Products to be issued by**  
**BNP Paribas Issuance B.V.**  
**(Incorporated in the Netherlands with its statutory seat in Amsterdam)**

**unconditionally and irrevocably guaranteed by**  
**BNP Paribas**  
**(incorporated in France with limited liability)**

This document, for which we and BNP Paribas (the “**Guarantor**”) accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to us, the Guarantor and our standard warrants (the “**Warrants**”), inline warrants (the “**Inline Warrants**”), callable bull/bear contracts (“**CBBCs**”) and other structured products (together, the “**Structured Products**”) to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda. You must ask us if any addenda to this document have been issued.

Our obligations under the Structured Products are guaranteed by the Guarantor under a guarantee executed by the Guarantor dated as of 3 April 2020 (the “**Guarantee**”). We and the Guarantor, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**These are Structured Products involving derivatives. You should not invest in the Structured Products unless you fully understand and are willing to assume the risks associated with them.**

**The Structured Products are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the Structured Products.**

The Structured Products constitute our general unsecured contractual obligations and of no other person, and the Guarantee in respect of the Structured Products constitutes the general unsecured contractual obligations of the Guarantor and of no other person. The Structured Products will rank equally among themselves and with all our other unsecured obligations and all other unsecured obligations of the Guarantor (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the Structured Products against (a) the company which has issued the underlying securities; (b) the trustee or the manager of the underlying unit trust; or (c) the index compiler of any underlying index. If we become insolvent or default on our obligations under the Structured Products or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you may not be able to recover all or even part of the amount due under the Structured Products (if any). The Guarantor is subject to the exercise of the bail-in powers under the French legislation for implementation of the Bank Recovery and Resolution Directive.

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

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## IMPORTANT INFORMATION

**You should carefully study the risk factors set out in this document and the Listing Documents**

### **What is this document about?**

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire any Structured Products.

### **Rating agency**

### **Rating**

S&P Global Ratings (“S&P”)

A+ (stable outlook)

Our Guarantor’s long term credit ratings as of 2 April 2020 are:

### **What documents should you read before investing in the Structured Products?**

A launch announcement and supplemental listing document of each series of Structured Products will set out the detailed commercial terms of the relevant series. You must read this document (including any addendum to this document to be issued from time to time) together with such launch announcement and supplemental listing document (including any addendum to such launch announcement and supplemental listing document to be issued from time to time) (together, the “**Listing Documents**”) before investing in any Structured Products. You should carefully study the risk factors set out in the Listing Documents.

### **Rating agency**

### **Rating**

Moody’s Investors Service,  
Inc. (“**Moody’s**”)  
S&P

Aa3 (stable outlook)

A+ (stable outlook)

The credit ratings are only an assessment by the rating agencies of the Issuer’s and the Guarantor’s overall financial capacity to pay its debts respectively.

A+ is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade ratings (including + or – sub-grades) assigned by S&P.

### **Is there any guarantee or collateral for the Structured Products?**

Our obligations under the Structured Products are unconditionally and irrevocably guaranteed by the Guarantor. If we become insolvent or default on our obligations under the Structured Products and the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you can only claim as an unsecured creditor of the Issuer and the Guarantor. In such event, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

Aa3 is among the top three major credit rating categories and is the fourth highest investment-grade ranking of the ten investment-grade ratings (including 1, 2 and 3 sub-grades) assigned by Moody’s.

Please refer to the brief guide in Appendix 5 to this document on what such credit ratings mean.

Rating agencies usually receive a fee from the companies that they rate. When evaluating our and the Guarantor’s creditworthiness, you should not solely rely on our and the Guarantor’s credit ratings because:

### **What are our and the Guarantor’s credit ratings?**

The Issuer’s long term credit ratings as of 2 April 2020 is:

- a credit rating is not a recommendation to buy, sell or hold the Structured Products;
- credit ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;

- a high credit rating is not necessarily indicative of low risk. Our and the Guarantor's credit ratings as of the above date are for reference only and may be subject to change thereafter. You may visit [www.bnpparibas.com](http://www.bnpparibas.com) to obtain information about the credit ratings of us and the Guarantor. Any downgrading of our and the Guarantor's credit ratings could result in a reduction in the value of the Structured Products;
- a credit rating is not an indication of the liquidity or volatility of the Structured Products; and
- a credit rating may be downgraded if the credit quality of the Issuer and/or the Guarantor declines.

#### **The Structured Products are not rated.**

Our and the Guarantor's credit ratings are subject to change or withdrawal at any time within each rating agency's sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to our and the Guarantor's credit ratings from time to time.

#### **Is the Issuer or the Guarantor regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?**

The Issuer is not regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3). The Hong Kong branch of the Guarantor is regulated by the Hong Kong Monetary Authority. The Guarantor is also regulated by Comité des Etablissements de Crédit et des Entreprises d'Investissement.

#### **Is the Issuer or the Guarantor subject to any litigation?**

Save as disclosed in this document, the Issuer, the Guarantor and their respective subsidiaries ("**BNP Group**") are not aware of any litigation or claims of material importance pending or threatened against any of them.

#### **Authorisation for the issue of the Structured Products**

The issue of the Structured Products was authorised by our board of directors on 15 May 2019.

#### **Has the Guarantor's financial position changed since last financial year-end?**

Save as disclosed in Appendix 6 and the paragraph headed "Risks related to the BNP Group's growth in its current environment" on pages 40 to 41 of this document, including with respect to the impact that the sanitary crisis resulting from the coronavirus (COVID-19) may have, there has been no material adverse change in the Guarantor's financial or trading position since 31 December 2019.

#### **Do you need to pay any transaction cost?**

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission ("**SFC**") charges a transaction levy of 0.0027 per cent. in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Structured Products. The levy for the investor compensation fund is currently suspended.

#### **Do you need to pay any tax?**

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the issue price of each Structured Product. See the section headed "Taxation" for further information.

## Placing, sale and grey market dealings

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Products in any jurisdiction (other than Hong Kong) where action for the purpose is required. No offers, sales, re-sales, transfers or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on us or the Guarantor. See the section headed “Placing and Sale” for further information.

Following the launch of a series of Structured Products, we may place all or part of that series with our related party. The Structured Products may be sold to investors in the grey market in the period between the launch date and the listing date. We will report any dealings in Structured Products by any member of the BNP Group in the grey market to the Stock Exchange on the listing date through the website of the HKEX at [https://www.hkex.com.hk/?sc\\_lang=en](https://www.hkex.com.hk/?sc_lang=en).

## Where can you inspect the relevant documents?

The following documents are available for inspection during usual business hours on any weekday (except public holidays) at BNP Paribas Securities (Asia) Limited, 59th-63th Floors, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, China:

- (a) our latest audited financial statements and any interim or quarterly financial statements and the latest audited financial statements and any interim or quarterly financial statements of the Guarantor;
- (b) the consent letter of the Guarantor’s auditors, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars (the “Auditors”);
- (c) this document and any addendum to this document;

- (d) the launch announcement and supplemental listing document as long as the relevant series of Structured Products is listed on the Stock Exchange;
- (e) the instrument executed by us on 3 May 2006 which constitutes the Structured Products; and
- (f) the Guarantee.

Requests for photocopies of the above documents will be subject to a reasonable fee which reflects the costs of making such copies.

The Listing Documents are also available on the website of the HKEX at <https://www.hkexnews.hk> and our website at <http://www.bnppwarrant.com.hk>.

各上市文件亦可於香港交易所網站 (<https://www.hkexnews.hk>) 及我們的網站 (<http://www.bnppwarrant.com.hk>) 瀏覽。

Please refer to (i) the base listing document dated 3 April 2019 (“**2019 BLD**”) for the Guarantor’s Consolidated Financial Statements for the year ended 31 December 2018 and the Statutory Auditors’ report on such consolidated financial statements; and (ii) the addendum to the 2019 BLD dated 30 April 2019 for the Issuer’s annual financial statements for the year ended 31 December 2018 and the independent auditor’s report on such financial statements.

## Have the Auditors consented to the inclusion of their report in this document?

As at the date of this document, the Guarantor’s Auditors have given and have not withdrawn their written consent to the inclusion of their report dated 3 March 2020 on the consolidated financial statements of the Guarantor for the year ended 31 December 2019 in this document and/or the references to their names in the Listing Documents, in the form and context in which they are included. Their report was not prepared for incorporation into this document.

The Auditors do not hold the Guarantor’s shares or shares in its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the Guarantor’s securities or securities of any of its subsidiaries.

## **How can you get further information about BNP Paribas?**

You may visit our website at [www.bnpparibas.com](http://www.bnpparibas.com) to obtain further information about us and/or the Guarantor.

*You must note that the information on our website will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by us, including the Structured Products.*

### **Authorised representatives**

Alvin C Chan of 7/F Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong and Edmond Kwok of 60th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, are our authorised representatives and are authorised to accept services on our behalf in Hong Kong.

### **Governing law of the Structured Products**

All contractual documentation for the Structured Products will be governed by, and construed in accordance with, the laws of Hong Kong.

### **The Listing Documents are not the sole basis for making an investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us, the Guarantor or our respective affiliates to invest in the Structured Products or the underlying asset of the Structured Products.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by us or the Guarantor.

The Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

This document has not been reviewed by the Securities and Futures Commission. You are advised to exercise caution in relation to the offer of the Structured Products.

### **Capitalised terms**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the General Conditions set out in Appendix 1 and the Product Conditions applicable to the relevant series of Structured Products set out in Appendices 2, 3 and 4 respectively (together, the “**Conditions**”).

## OVERVIEW OF WARRANTS

### What is a Warrant?

A Warrant is a type of derivative warrants.

A derivative warrant linked to a share, an unit, a commodity, a commodity future, an index, a currency pair or other assets (each an “**Underlying Asset**”) is an instrument which gives the holder a right to “buy” or “sell” an Underlying Asset at, or derives its value by reference to, a pre-set price/level/exchange rate called the Exercise Price/Strike Price/Strike Level/ Strike Rate on the Expiry Date. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

### How and when can you get back your investment?

Our Warrants are European Style warrants. This means they can only be exercised on the Expiry Date.

A Warrant will, upon exercise on the Expiry Date, entitle you to a cash amount called the “**Cash Settlement Amount**” (net of any Exercise Expenses) (if positive) according to the applicable Conditions.

You will receive the Cash Settlement Amount less any Exercise Expenses upon settlement at expiry. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable to you and you will lose your entire investment.

### How do our Warrants work?

The potential payoff upon expiry or exercise of the Warrants is calculated by us by reference to the difference between:

(a) for a Warrant linked to a security, commodity or commodity future, the Exercise Price/Strike Price and Closing Price/Average Price;

(b) for a Warrant linked to an index, the Strike Level and the Closing Level; and

(c) for a Warrant linked to a currency pair, the Strike Rate and the Spot Rate.

### *Call Warrants*

A call Warrant is suitable to you if you hold a bullish view on the price/level/exchange rate of the Underlying Asset during the term of that call Warrant.

A call Warrant will be exercised if the Average Price/ Closing Price/Closing Level/Spot Rate is greater than Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be). The more the Average Price/ Closing Price/Closing Level/Spot Rate exceeds the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be), the higher the payoff upon expiry or exercise. If the Average Price/Closing Price/Closing Level/Spot Rate is at or below the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be), you will lose all your investment.

### *Put Warrants*

A put Warrant is suitable to you if you hold a bearish view on the price/level/exchange rate of the Underlying Asset during the term of that put Warrant.

A put Warrant will be exercised if the Average Price/ Closing Price/Closing Level/Spot Rate is below the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be). The more the Average Price/ Closing Price/Closing Level/Spot Rate is below the Exercise Price/Strike Price/Strike Level/Strike Rate (as the case may be), the higher the payoff upon expiry or exercise. If the Exercise Price/Strike Price/ Strike Level/Strike Rate is at or below the Average Price/Closing Price/Closing Level/Spot Rate (as the case may be), you will lose all your investment.



**Where can you find the Product Conditions applicable to our Warrants?**

You should review the Product Conditions applicable to each type of the Warrants before your investment.

The Product Conditions applicable to each type of our Warrants are set out in Parts A to F of Appendix 2 (as may be supplemented by any addendum and/or the relevant launch announcement and supplemental listing document).

**What are the factors determining the price of a Warrant?**

The price of a Warrant generally depends on the prevailing price/level/exchange rate of the Underlying Asset. However, throughout the term of a Warrant, its price/level/exchange rate will be influenced by one or more of the following factors, including:

- (a) the Exercise Price/Strike Price/Strike Level/ Strike Rate applicable to that Warrant;
- (b) the value and volatility of the price/level/exchange rate of the Underlying Asset (being a measure of the fluctuation in the price/level/ exchange rate of the Underlying Asset);
- (c) the time remaining to expiry: generally, the longer the remaining life of the Warrant, the greater its value;
- (d) interest rates;
- (e) expected dividend payments or other distributions (if any) on the Underlying Asset or on any components comprising the underlying index;
- (f) the liquidity of the Underlying Asset or of the futures contracts relating to the underlying index;
- (g) the supply and demand for the Warrant;
- (h) our related transaction costs; and

- (i) our creditworthiness and the creditworthiness of the Guarantor.

**What is your maximum loss?**

Your maximum loss in our Warrants will be your entire investment amount plus any transaction costs.

**How can you get information about the Warrants after issue?**

You may visit the HKEX's website at [https://www.hkex.com.hk/products/securities/derivative-warrants?sc\\_lang=en](https://www.hkex.com.hk/products/securities/derivative-warrants?sc_lang=en) or our website at <http://www.bnppwarrant.com.hk> to obtain further information on our Warrants or any notice given by us or the Stock Exchange in relation to our Warrants.

## OVERVIEW OF INLINE WARRANTS

### What is an Inline Warrant?

An Inline Warrant is a type of derivative warrants.

A derivative warrant linked to an Underlying Asset is an instrument which derives its value from the Underlying Asset. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

### How and when can you get back your investment?

Our Inline Warrants are European Style warrants. This means they can only be exercised on the Expiry Date.

An Inline Warrant will, upon exercise on the Expiry Date, entitle you to a cash amount called the “**Cash Settlement Amount**” (net of any Exercise Expenses) (if positive) according to the applicable Conditions.

You will receive the Cash Settlement Amount less any Exercise Expenses upon settlement at expiry. As of the date of this document, no Exercise Expenses are payable for cash settled warrants (including our Inline Warrants).

### How do our Inline Warrants work?

Our Inline Warrants carry exotic features and their terms and pricing may be more complicated than the Warrants. Our Inline Warrants provide a pre-fixed potential payoff at either a **capped amount or a floor amount** at expiry.

You will either:

- (i) receive a fixed and capped amount equal to the Maximum Payoff Amount per Inline Warrant at expiry if the Average Price (for an Inline Warrant linked to a share) or Closing Level (for an Inline Warrant linked to an index) is at or below the Upper Strike

Price or Upper Strike Level (as the case may be) and at or above the Lower Strike Price or Lower Strike Level (as the case may be); or

- (ii) receive a fixed and floor amount equal to the Minimum Payoff Amount per Inline Warrant (which may be substantially less than your initial investment) at expiry and may suffer loss in your investment if the Average Price (for an Inline Warrant linked to a share) or Closing Level (for an Inline Warrant linked to an index) is above the Upper Strike Price or Upper Strike Level (as the case may be) or below the Lower Strike Price or Lower Strike Level (as the case may be). You will still receive the Minimum Payoff Amount per Inline Warrant in this scenario because such amount is included in the price you pay for buying our Inline Warrants.

### Where can you find the Product Conditions applicable to our Inline Warrants?

You should review the Product Conditions applicable to each type of the Inline Warrants before your investment.

The Product Conditions applicable to each type of our Inline Warrants are set out in Parts A to B of Appendix 3 (as may be supplemented by any addendum and/or the relevant launch announcement and supplemental listing document).

### What are the factors determining the price of an Inline Warrant?

The price of an Inline Warrant generally depends on the prevailing price or level of the Underlying Asset. However, throughout the term of an Inline Warrant, its price will be influenced by one or more of the following factors, including:

- (a) the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive) applicable to that Inline Warrants: generally, the wider the range between the Upper Strike Price or Upper Strike Level

- and the Lower Strike Price or Lower Strike Level (both inclusive) of the Inline Warrants, the greater its value;
- (b) the value or level of the Underlying Asset: generally, the closer the price or level of the Underlying Asset towards the mid-way of the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level, ignoring interim interest rates and expected dividend payments on the Underlying Asset or on any components comprising the underlying index and assuming all other factors remain constant, the greater the value of the Inline Warrants; conversely, the farther away the price or level of the Underlying Asset from the mid-way of the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level, ignoring interim interest rates and expected dividend payments on the Underlying Asset or on any components comprising the underlying index and assuming all other factors remain constant, the lower the value of the Inline Warrants;
- (c) the volatility of the price or level of the Underlying Asset (being a measure of the fluctuation in the price or level of the Underlying Asset over time): generally, if an Inline Warrant is “out-of-the-range” (ie. the price or level of the Underlying Asset falls outside the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive)), the higher the volatility, the greater the value of the Inline Warrants; conversely, if an Inline Warrant is “in-the-range” (ie. the price or level of the Underlying Asset falls within the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive)), the higher the volatility, the lower the value of the Inline Warrants;
- (d) the expected probability of the Average Price or Closing Level falling within the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive) at expiry;
- (e) the time remaining to expiry: generally, if an Inline Warrant is out-of-the-range, the longer the remaining life of the Inline Warrant, the greater its value; conversely, if an Inline Warrant is in-the-range, the shorter the remaining life of the Inline Warrant, the greater its value;
- (f) the interim interest rates;
- (g) the expected dividend payments or other distributions (if any) on the Underlying Asset or on any components comprising the underlying index;
- (h) the liquidity of the Underlying Asset or of the futures contracts relating to the underlying index;
- (i) the supply and demand for the Inline Warrant;
- (j) our related transaction costs; and
- (k) our creditworthiness and the creditworthiness of the Guarantor.
- What is your maximum loss?**
- If we become insolvent or default on our obligations under our Inline Warrants or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, the maximum loss in the Inline Warrants will be your entire investment amount plus any transaction costs.
- Otherwise, if the Average Price or Closing Level (as the case may be) is above the Upper Strike Price or Upper Strike Level (as the case may be) or below the Lower Strike Price or Lower Strike Level (as the case may be) at expiry, the maximum loss in the Inline Warrants will be your entire investment amount less the Minimum Payoff Amount per Inline Warrant multiplied by the number of Inline Warrants purchased plus any transaction costs.

**What is your maximum profit?**

The potential maximum profit in our Inline Warrants will be capped at the Maximum Payoff Amount per Inline Warrant multiplied by the number of Inline Warrants purchased less your entire investment amount and transaction costs.

You should note that your profit or loss in the Inline Warrants will be affected by the amount invested by you and transaction costs.

**How can you get information about the Inline Warrants after issue?**

You may visit the HKEX's website at [https://www.hkex.com.hk/Products/Securities/Inline-Warrants?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Inline-Warrants?sc_lang=en) or our website at <http://www.bnppwarrant.com/en/inline-warrant/intro> to obtain further information on Inline Warrants or any notice given by us or the Stock Exchange in relation to our Inline Warrants.

## OVERVIEW OF CBBCS

### What are CBBCs?

CBBCs are a type of Structured Products that track the performance of an Underlying Asset. CBBCs can be issued on different types of Underlying Assets as prescribed by the Stock Exchange from time to time, including:

- (a) securities listed on the Stock Exchange;
- (b) Hang Seng Index, Hang Seng China Enterprises Index and Hang Seng China H-Financials Index; and/or
- (c) overseas securities, overseas indices, currencies, commodities (such as oil, gold and platinum), commodity futures or other assets as prescribed by the Stock Exchange from time to time.

A list of eligible Underlying Assets for CBBCs is available on the website of the HKEX at [https://www.hkex.com.hk/Products/Securities/Callable-Bull-Bear-Contracts/CBBC-Eligible-Underlying-Assets/Eligible-Single-Hong-Kong-Stocks-for-CBBC-Issuance-in-Current-Quarter?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Callable-Bull-Bear-Contracts/CBBC-Eligible-Underlying-Assets/Eligible-Single-Hong-Kong-Stocks-for-CBBC-Issuance-in-Current-Quarter?sc_lang=en).

CBBCs are issued either as callable bull contracts (“**bull CBBCs**”) or callable bear contracts (“**bear CBBCs**”), allowing you to take either bullish or bearish positions on the Underlying Asset.

Bull CBBCs are designed for investors who have an optimistic view on the Underlying Asset. Bear CBBCs are designed for investors who have a pessimistic view on the Underlying Asset.

CBBCs have a mandatory call feature (the “**Mandatory Call Event**”) and, subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate our CBBCs upon the occurrence of a Mandatory Call Event. See “What are the mandatory call feature of CBBCs?” below.

There are 2 categories of CBBCs, namely:

- (a) Category R CBBCs; and
- (b) Category N CBBCs.

Your entitlement following the occurrence of a Mandatory Call Event will depend on the category of the CBBCs.

If no Mandatory Call Event occurs, the CBBCs will be exercised automatically on the Expiry Date by payment of a Cash Settlement Amount (if any). The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price/ Closing Level of the Underlying Asset on the Valuation Date and the Strike Price/Strike Level.

The Conditions applicable to CBBCs are set out in Parts A, B and C of Appendix 4 (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

### What are the mandatory call feature of CBBCs?

#### Mandatory Call Event

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs. A Mandatory Call Event occurs if the Spot Price/Spot Level of the Underlying Asset is:

- (a) at or below the Call Price/Call Level (in the case of a series of bull CBBCs); or
- (b) at or above the Call Price/Call Level (in the case of a series of bear CBBCs),

at any time during the Observation Period.

The Observation Period starts from and including the Observation Commencement Date of the relevant CBBCs and ends on and including the Trading Day immediately preceding the Expiry Date.

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed and such modification and amendment as may be prescribed by the Stock Exchange from time to time:

- (a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event; and
- (b) where the Mandatory Call Event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session, will be invalid and cancelled, and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to:

- (a) in respect of CBBCs over single equities (“**Single Equity CBBCs**”) or CBBCs over single unit trust (“**Single Unit Trust CBBCs**”), the Stock Exchange’s automatic order matching and execution system time at which the Spot Price is at or below the Call Price (for a series of bull CBBCs) or is at or above the Call Price (for a series of bear CBBCs); or
- (b) in respect of CBBCs over index (“**Index CBBCs**”), the time the relevant Spot Level is published by the index compiler at which the Spot Level is at or below the Call Level (for a series of bull CBBCs) or is at or above the Call Level (for a series of bear CBBCs),

subject to the rules and requirements as prescribed by the Stock Exchange from time to time.

#### *Category R CBBCs vs. Category N CBBCs*

The launch announcement and supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are Category R CBBCs or Category N CBBCs.

“**Category N CBBCs**” refer to CBBCs for which the Call Price/Call Level is equal to their Strike Price/ Strike Level. In respect of a series of Category N CBBCs, you will not receive any cash payment following the occurrence of a Mandatory Call Event.

“**Category R CBBCs**” refer to CBBCs for which the Call Price/Call Level is different from their Strike Price/Strike Level. In respect of a series of Category R CBBCs, you may receive a cash payment called the “**Residual Value**” (net of any Exercise Expenses) upon the occurrence of a Mandatory Call Event. The amount of the Residual Value payable (if any) is calculated by reference to:

- (a) in respect of a series of bull CBBCs, the difference between the Minimum Trade Price/ Minimum Index Level and the Strike Price/ Strike Level of the Underlying Asset; and
- (b) in respect of a series of bear CBBCs, the difference between the Strike Price/Strike Level and the Maximum Trade Price/Maximum Index Level of the Underlying Asset.

You must read the applicable Product Conditions and the relevant launch announcement and supplemental listing document to obtain further information on the calculation formula of the Residual Value applicable to Category R CBBCs.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of bull CBBCs, the Minimum Trade Price/Minimum Index Level of the Underlying Asset is equal to or less than the Strike Price/Strike Level; or
- (b) in the case of a series of bear CBBCs, the Maximum Trade Price/Maximum Index Level of the Underlying Asset is equal to or greater than the Strike Price/Strike Level.

**Where can you find the Product Conditions applicable to our CBBCs?**

You should review the Product Conditions applicable to each type of the CBBCs before your investment.

The Product Conditions applicable to each type of our CBBCs are set out in Appendix 4.

**How is the funding cost calculated?**

The issue price of a series of CBBCs is set by reference to (i) the difference between the initial reference spot price/level of the Underlying Asset as at the launch date of the CBBC and the Strike Price/ Strike Level, plus (ii) if applicable, a funding cost.

The initial funding cost applicable to the CBBCs as of the launch date will be specified in the relevant launch announcement and supplemental listing document for the relevant series.

The funding cost is an amount determined by us based on a number of factors, including but not limited to the Strike Price/Strike Level, the prevailing interest rate and, for Single Equity CBBCs or Single Unit Trust CBBCs, the expected dividend/distribution yield in respect of the Underlying Asset.

The funding cost may fluctuate throughout the life of the CBBCs as the funding rate changes from time to time.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant launch announcement and supplemental listing document.

**Do you own the Underlying Asset?**

CBBCs convey no interest in the Underlying Asset. We may choose not to hold the Underlying Asset or any derivatives contracts linked to the Underlying Asset. There is no restriction through the issue of the CBBCs on the ability of the BNP Group to sell, pledge or otherwise convey all rights, titles and interests in any Underlying Asset or any derivatives products linked to the Underlying Asset.

**What are the factors determining the price of a CBBC?**

The price of a series of CBBCs tend to mirror the movement in the value of the Underlying Asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one unit of Underlying Asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the Strike Price/Strike Level and the Call Price/ Call Level;
- (b) the likelihood of the occurrence of a Mandatory Call Event;
- (c) for Category R CBBCs only, the probable range of the Residual Value payable upon the occurrence of a Mandatory Call Event;
- (d) the time remaining to expiry;
- (e) any change(s) in interim interest rates;
- (f) expected dividend payments or other distribution on the Underlying Asset or on any components comprising the underlying index;
- (g) the probable range of the Cash Settlement Amount;
- (h) the supply and demand for the CBBCs;
- (i) the liquidity of the Underlying Asset or of the future contracts relating to the underlying index;
- (j) our related transaction costs; and/or
- (k) our creditworthiness and the creditworthiness of the Guarantor.

**What is your maximum loss?**

Your maximum loss in CBBCs will be your entire investment amount plus any transaction cost.

**How can you get information about the CBBCs after issue?**

You may visit the HKEX's website at [https://www.hkex.com.hk/Products/Securities/Callable-Bull-Bear-Contracts?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Callable-Bull-Bear-Contracts?sc_lang=en) or our website at <http://www.bnppwarrant.com.hk> to obtain further information on CBBCs or any notice given by us or the Stock Exchange in relation to our CBBCs.



## **OVERVIEW OF THE BRRD AND ITS IMPLICATIONS TO THE STRUCTURED PRODUCTS**

### **What is the BRRD?**

The Bank Recovery and Resolution Directive (2014/59/EU) (“**BRRD**”) is a legislative development in the European Union (“**EU**”) which was introduced to address the shortcomings in the national laws and regulations of EU Member States for the resolution of failing banks and financial institutions. The BRRD provides that it should be applied by EU Member States from 1 January 2015, except for the Bail-In Power (as described below) which should be applied from 1 January 2016. The implementation date of the BRRD in each EU Member State depends on the implementation legislation enacted, or which will be enacted in each such EU Member State. The BRRD has been implemented in France. In March 2016, the European Commission has adopted a Commission Delegated Regulation setting out a number of regulatory technical standards for the BRRD.

The BRRD provides for the establishment of an EU-wide framework for the recovery and resolution of EU credit institutions and investment firms as well as certain of their group companies falling under the scope of the BRRD. The BRRD requires the governments of all EU Member States to provide their relevant resolution authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of that institution’s critical financial and economic functions, while minimising the impact of that institution’s failure on the broader economy and financial system.

The BRRD contains four resolution tools and powers (the “**Resolution Tools**”) which may be used alone or in combination where the relevant resolution authority considers that (a) an affected institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such affected institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables the relevant resolution authorities to direct the sale of the affected institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables the relevant resolution authorities to transfer all or part of the business of the affected institution to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables the relevant resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) Bail-In Power (as described in the paragraph headed “What is Bail-In Power” below).

On 7 June 2019, a directive amending BRRD was published in the European Union Official Journal (“**BRRD2**”). BRRD2 will introduce a range of reforms of the BRRD, including changes to resolution authorities’ moratoria powers, contractual recognition of bail-in and minimum requirements for own funds to bring these in line with the Financial Stability Board total loss absorbing capacity standard. National implementation of BRRD2 is required and the deadline for implementation is December 2020.

It is important to note that certain protections are granted to the creditors of an EU credit institution in case of the exercise of the Resolution Tools (including the Bail-In Power) over such institution. The most important one is the principle known as the “no creditor worse off principle” as provided for in the BRRD. This principle is intended to ensure that the creditors of an affected institution which is subject to the exercise of the Bail-In Power under the BRRD shall not incur greater losses than they would have incurred if such affected institution had been wound up under normal insolvency proceedings. For this purpose, the relevant resolution authorities in the EU have to ensure

that it is assessed at the time of exercise of the Bail-In Power whether shareholders and creditors of an affected institution would have received better treatment if such affected institution had entered into normal insolvency proceedings.

#### **The Issuer is not subject to the BRRD**

The Issuer is incorporated as a private limited company under Dutch law as an exempt group finance company under the Dutch Financial Supervision Act, and will not be subject to the BRRD.

#### **The Guarantor is subject to the BRRD**

The Guarantor is a credit institution incorporated in France and is subject to French legislation implementing the BRRD.

Under French legislation implementing the BRRD, substantial powers are granted to the *Autorité de contrôle prudentiel et de résolution* (“ACPR”), the French resolution authority, and/or to other relevant resolution authorities in the EU, to implement resolution measures (including the use of the Resolution Tools) in respect of a French credit institution (including, for example, the Guarantor) and certain of its affiliates to protect and enhance the stability of the financial system of France if the relevant resolution authorities consider the failure of the relevant entity has become likely and certain other conditions are satisfied.

#### **The Resolution Tools may be exercised over the Guarantor**

The exercise of any Resolution Tool or any suggestion of any such exercise under the BRRD over the Guarantor could adversely affect the value of the Structured Products. **You may therefore lose all or a substantial part of your investment in the Structured Products.**

In addition, the resolution powers could be exercised (i) prior to the commencement of any insolvency proceedings in respect of the Guarantor, and (ii) by the relevant resolution authority without your consent or any prior notice to you. It is also uncertain how the relevant resolution authority would assess triggering conditions in different pre-insolvency scenarios affecting the Guarantor under the BRRD. Accordingly, you may not be able to anticipate a potential exercise of any such resolution powers over the Guarantor.

#### **What is “Bail-In Power”?**

“Bail-In Power” (as defined in the section headed “Text of the Guarantee of BNP Paribas”) means the power of the relevant resolution authorities to write down or convert to equity certain claims of unsecured creditors of a failing institution existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in France, relating to the transposition of the BRRD as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Guarantor in respect of the Guarantee can be reduced (in part or in whole), cancelled, modified, or converted into shares, other securities or other obligations of the Guarantor or any other person.

Please see the section headed “Text of the Guarantee of BNP Paribas” in this document for further details, in particular clause 6 of the Guarantee with respect to the Bail-In Power.

#### **The Issuer’s obligations under the Structured Products are not subject to the “Bail-In Power”**

As the Issuer is not subject to the BRRD, the obligations of the Issuer under the Structured Products will not be subject to the exercise of any Bail-In Power in respect of the Issuer.

However, in the event of a default by the Issuer of its obligations under the Structured Products, and if any Bail-In Power is exercised over the Guarantor with respect to the Guarantee, you may not be able to recover all or even part of the amount due under the Structured Products (if any) from the Guarantor under the Guarantee, or you may receive a different security issued by the Guarantor (or another person) in place of the amount (if any) due to you under the Structured Products by the Issuer, which may be worth significantly less than the amount due to you under the Structured Products at expiry. For further details, please refer to the paragraph headed “Risks relating to the BRRD” under the section “Risk Factors” of this document.

**The Guarantor’s obligations with respect to the Guarantee are subject to the “Bail-In Power”**

In addition, the Guarantee includes a contractual term regarding the “Bail-In Power” and any liability covered by the Guarantor will be contractually subject to the exercise of any “Bail-In Power” by the relevant resolution authority if such authority should so decide at the relevant time.

By investing in the Structured Products, you acknowledge, accept, consent and agree to be contractually bound by the exercise of any Bail-In Power by the relevant resolution authorities over the Guarantor. You further acknowledge, accept, consent and agree that your rights under the Guarantee are contractually subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-In Power by the relevant resolution authorities.

The effect of the exercise of the Bail-In Power by the relevant resolution authority over the Guarantor may include and result in any of the following, or some combination thereof:

- (a) the reduction of all, or a portion, of the amounts payable by the Guarantor under the terms of the Guarantee (including a reduction to zero);
- (b) the conversion of all, or a portion, of the amounts due under the Guarantee into shares or other securities or other obligations of the Guarantor or of another person, including by means of an amendment, modification or variation of the contractual terms, in which case you agree to accept in lieu of your contractual rights under the terms of the Guarantee any such shares, other securities or other obligations of the Guarantor or another person;
- (c) the cancellation of the Guarantee;
- (d) the amendment or alteration of the maturity of the Guarantee or amendment of the amount of interest payable on the Guarantee, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and/or
- (e) if applicable, the variation of the terms of the Guarantee, if necessary to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

**Accordingly, in the event of a default by the Issuer of its obligations under the Structured Products guaranteed by the Guarantee and if any Bail-In Power is exercised over the Guarantor with respect to the Guarantee, you may not be able to recover all or even part of the amount due under the Structured Products (if any) from the Guarantor under the Guarantee, or you may receive a different security issued by the Guarantor (or another person) in place of the amount (if any) due to you under the Structured Products from the Issuer, which may be worth significantly less than the amount due to you under the Structured Products (if any).**

Moreover, the relevant resolution authorities may exercise the Bail-In Power without providing any advance notice to, or requiring your further consent.

Please refer to the paragraph headed “Risks relating to the BRRD” under the section “Risk Factors” of this document for further details of the relevant risk factors applicable to the Structured Products.

## DESCRIPTION OF THE ISSUER

### History

Our name is:

### **BNP Paribas Issuance B.V.**

We are a private limited company under Dutch law (“**besloten vennootschap met beperkte aansprakelijkheid**”), having its registered office at Herengracht 595, 1017 CE Amsterdam, the Netherlands and registered with the Commercial Register under number 33215278. We were incorporated on 10 November 1989.

### Business

Our objects are:

- (a) to borrow, lend out and collect monies, including but not limited to the issue or the acquisition of debentures, debt instruments, financial instruments such as, among others, warrants and certificates of any nature, with or without indexation based on, inter alia, shares, basket of shares, stock exchange indexes, currencies, commodities or futures on commodities, and to enter into related agreements;
- (b) to finance enterprises and companies;
- (c) to establish and to in any way participate in, manage and supervise enterprises and companies;
- (d) to offer advice and to render services to enterprises and companies with which the company forms a group of companies, and to third parties;
- (e) to grant security, to bind the company and to encumber assets of the company for the benefit of enterprises and companies with which the company forms a group of companies, and of third parties;
- (f) to acquire, manage, exploit and dispose of registered property and asset value in general; (g) to trade in currencies, securities and asset value in general;
- (h) to exploit and trade in patents, trademark rights, licenses, know-how and other industrial rights of ownership;
- (i) to engage in industrial, financial and commercial activities of any nature,

and all other things as may be deemed incidental or conducive to the attainment of the above objects, in the broadest sense of the word.

### Share capital

The issued share capital is 45,379 euros, divided in 45,379 shares of one euro each.

All shares are registered shares and no share certificates have been issued.

## **Management**

### ***Management Board***

Our management will be composed of a Management Board with one or several members appointed by the general meeting of shareholders.

### ***Duties of the Management Board***

Within the limits of the constitutional documents, the Management Board will be responsible for our management.

### ***Delegation of management***

BNP Paribas is our sole shareholder. On 31 January 2016, BNP Paribas appointed as sole member of the Management Board BNP Paribas Finance B.V., a company established and existing under the laws of the Netherlands, with its registered office at Herengracht 595, 1017 CE Amsterdam, the Netherlands. Messrs. Edwin Herskovic, Erik Stroet, Geert Lippens, Folkert van Asma, Richard Daelman and Matthew Yandle as directors of BNP Paribas Finance B.V. have the power to take all necessary measures in relation to the issue of securities of BNP Paribas Issuance B.V.

## DESCRIPTION OF THE GUARANTOR

### History

- 1966: Creation of BNP
- The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.
- 1968: Creation of Compagnie Financière de Paris et des Pays-Bas
- 1982: Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas at the time of the nationalisation of all French banks
- In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.
- 1987: Privatisation of Compagnie Financière de Paribas
- With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.
- 1993: Privatisation of BNP
- BNP's return to the private sector represented a new start. The 1990s were marked by a change in the level of profitability of the Bank, which had the highest return on equity of any major French institution in 1998. This period was marked by the launch of new banking products and services, the development of activities on the financial markets, expansion in France and at the international level, and preparation for the advent of the euro.
- 1998: Creation of Paribas
- On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.
- 1999: A momentous year for the Group
- Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. It gave rise to a new Group with tremendous prospects. At a time of economic globalisation, the merger created a leading player in the European banking sector.
- 2000: Creation of BNP Paribas
- BNP and Paribas merged on 23 May 2000.
- The new Group derived its strength from the two major financial and banking lines from which it descends. It has two goals: to create value for shareholders, clients and employees by building the bank of the future, and to become a leading global player.
- 2006: Acquisition of BNL in Italy
- BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, providing it with access to a second domestic market in Europe. In both Italy and France, all of the Group's businesses can now develop their activities by leveraging a nationwide banking network.

2009: Merger with the Fortis group

BNP Paribas took control of Fortis Bank and BGL (Banque Générale du Luxembourg), thereby creating a European leader in Retail Banking, with four domestic markets.

## **Business**

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in France, Belgium, Italy and Luxembourg.

It operates in 71 countries and has nearly 199,000 employees, including over 151,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Arval, BNP Paribas Leasing Solutions, Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean,
    - BancWest,
    - Personal Finance,
    - Insurance,
    - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

## **Capital Stock**

As at 31 December 2019, BNP Paribas' share capital stood at EUR2,499,597,122 divided into 1,249,798,561 shares.

## **Further information**

For more information on BNP Paribas, please visit <http://invest.bnpparibas.com/en>.

## Board of Directors

The following table sets forth the names of the current members of the Board of Directors, their current function at the Bank, their business address and their principal business activities outside of the Bank as at 31 December 2019, except where specified:

<b>Jean LEMIERRE</b> Principal function: Chairman of the Board of directors of BNP Paribas			
<p><i>Date of birth:</i> 6 June 1950  <i>Nationality:</i> French  <i>Term start and end dates:</i> 23 May 2017 – 2020 AGM  <i>Date first elected to the Board of directors:</i> 1 December 2014, ratified by the Annual General Meeting of 13 May 2015</p> <hr/> <p><i>Number of BNP Paribas shares held<sup>(1)</sup>:</i> 30,826  <i>Office address:</i> 3, rue d'Antin          75002 PARIS,          FRANCE</p> <hr/> <p><b>Education</b>          Graduate of the Institut d'Études Politiques de Paris.          Graduate of the École Nationale d'Administration.          Law Degree</p>	<p><b>Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad</b>          BNP Paribas<sup>(*)</sup>, Chairman of the Board of directors          TEB Holding AS (Turkey), director</p> <p><b>Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad</b>          Total SA<sup>(*)</sup>, director</p> <p><b>Participation<sup>(1)</sup> in specialised committees of French or foreign companies</b>          Total SA, member of the Corporate Governance and Ethics Committee and member of the Strategy &amp; CSR Committee</p> <p><b>Other<sup>(1)</sup></b>          Centre for Prospective Studies and International Information (CEPII), Chairman          Paris Europlace, Vice-Chairman          Association française des entreprises privées, member          Institute of International Finance (IIF), member          Orange International Advisory Board, member          International Advisory Council of China Development Bank (CDB), member          International Advisory Council of China Investment Corporation (CIC), member          International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS), member</p>		
<b>Offices held at 31 December in previous financial years</b> <i>(the companies mentioned are the parent companies of the groups in which the functions were carried out)</i>			
<p><b>2018:</b>  <b>Chairman of the Board of directors:</b> BNP Paribas  <b>Director:</b> TEB Holding AS (Turkey), Total SA  <b>Chairman:</b> Centre for Prospective Studies and International Information (CEPII)  <b>Member:</b> Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)</p>	<p><b>2017:</b>  <b>Chairman of the Board of directors:</b> BNP Paribas  <b>Director:</b> TEB Holding AS (Turkey), Total SA  <b>Chairman:</b> Centre for Prospective Studies and International Information (CEPII)  <b>Member:</b> Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)</p>	<p><b>2016:</b>  <b>Chairman of the Board of directors:</b> BNP Paribas  <b>Director:</b> TEB Holding AS (Turkey), Total SA  <b>Chairman:</b> Centre for Prospective Studies and International Information (CEPII)  <b>Member:</b> Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)</p>	<p><b>2015:</b>  <b>Chairman of the Board of directors:</b> BNP Paribas  <b>Director:</b> TEB Holding AS (Turkey)  <b>Chairman:</b> Centre for Prospective Studies and International Information (CEPII)  <b>Member:</b> Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC)</p>
<p>(1) At 31 December 2019.          (*) Listed company.</p>			



**Jean-Laurent BONNAFÉ**

Principal function: Director and Chief Executive Officer of BNP Paribas

*Date of birth:* 14 July 1961*Nationality:* French*Term start and end dates:* 23 May 2019 – 2022 AGM*Date first elected to the Board:* 12 May 2010*Number of BNP Paribas shares held<sup>(1)</sup>:* 94,153<sup>(2)</sup>*Office address:* 3, rue d'Antin  
75002 PARIS,  
FRANCE**Education**

Graduate of the École Polytechnique

Graduate of the École des Mines

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, Director and Chief Executive Officer**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Carrefour<sup>(\*)</sup>, director

Pierre Fabre SA, director

**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

Pierre Fabre SA, member of the Strategic Committee

**Other<sup>(1)</sup>**

Association pour le Rayonnement de l'Opéra de Paris, Chairman

Entreprise pour l'Environnement, Chairman

Fédération Bancaire Française, member of the Executive Committee

La France s'engage, director

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director and Chief Executive Officer:** BNP Paribas**Chairman:** Association pour le Rayonnement de l'Opéra de Paris**Vice-Chairman:** Entreprise pour l'Environnement**Director:** Carrefour**Member of the Executive****Committee:** Fédération Bancaire Française**2017:****Director and Chief Executive Officer:** BNP Paribas**Chairman:** Fédération Bancaire Française, Association pour le Rayonnement de l'Opéra de Paris**Vice-Chairman:** Entreprise pour l'Environnement**Director:** Carrefour**2016:****Director and Chief Executive Officer:** BNP Paribas**Director:** Carrefour**2015:****Director and Chief Executive Officer:** BNP Paribas**Director:** Carrefour, BNP Paribas Fortis (Belgium)*(1) At 31 December 2019.**(2) Includes 25,228 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.**(\*) Listed company.*

**Jacques ASCHENBROICH**

Principal function: Chairman and Chief Executive Officer of the Valeo Group

*Date of birth:* 3 June 1954*Nationality:* French*Term start and end dates:* 23 May 2017 – 2020 AGM*Date first elected to the Board:* 23 May 2017*Number of BNP Paribas shares held<sup>(1)</sup>:* 1,000<sup>(\*\*)</sup>*Office address:* 43, rue Bayen  
75017 PARIS,  
FRANCE**Education**Graduate of the École des Mines  
Corps des Mines**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held under the principal function**Valeo Group<sup>(\*)</sup>, Chairman and Chief Executive Officer**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNPP Group, in France or abroad**Veolia Environnement<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**BNP Paribas, member of the Financial Statements Committee  
Veolia Environnement, member of the Audit Committee and Chairman of the Research, Innovation and Sustainable Development Committee**Other<sup>(1)</sup>**École Nationale Supérieure Mines ParisTech, Chairman  
Club d'affaires Franco-Japonais, Co-Chairman  
Association française des entreprises privées, Member**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Chairman and Chief Executive Officer:** Valeo Group**Director:** BNP Paribas Veolia Environnement**Chairman:** École Nationale Supérieure Mines ParisTech**Co-Chairman:** Club d'affaires Franco-Japonais**2017:****Chairman and Chief Executive Officer:** Valeo Group**Director:** BNP Paribas Veolia Environnement**Chairman:** École Nationale Supérieure Mines ParisTech**Co-Chairman:** Club d'affaires Franco-Japonais**2016:****Chairman and Chief Executive Officer:** Valeo Group**Director:** BNP Paribas Veolia Environnement**Chairman:** École Nationale Supérieure Mines ParisTech**Co-Chairman:** Club d'affaires Franco-Japonais*(1) At 31 December 2019.**(\*) Listed company.**(\*\*) At 31 December 2019, and as a correction 1,000 at 31 December 2018.*

**Pierre André de CHALENDAR**

Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

*Date of birth:* 12 April 1958

*Nationality:* French

*Term start and end dates:* 24 May 2018 – 2021 AGM

*Date first elected to the Board:* 23 May 2012

*Number of BNP Paribas shares held<sup>(1)</sup>:* 5,000

*Office address:* Les Miroirs

92096 LA DÉFENSE CEDEX,  
FRANCE

**Education**

Graduate of École Supérieure des Sciences Économiques et Commerciales (ESSEC)

Graduate of the École Nationale d'Administration

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**

BNP Paribas<sup>(\*)</sup>, director

**Offices<sup>(1)</sup> held under the principal function**

Compagnie de Saint-Gobain<sup>(\*)</sup>, Chairman and Chief Executive Officer

GIE SGPM Recherches, director

Saint-Gobain Corporation, director

**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, Chairman of the Remuneration Committee and member of the Corporate Governance, Ethics, Nominations and CSR Committee  
Compagnie de Saint-Gobain, member of the Strategic Committee

**Other:**

Essec Supervisory Board, Chairman

La Fabrique de l'Industrie, Co-Chairman

Association française des entreprises privées, Member

**Offices held at 31 December in previous financial years**

*(the companies mentioned are the parent companies of the groups in which the functions were carried out)*

**2018:**

**Chairman and Chief Executive**

**Officer:** Compagnie de  
Saint-Gobain

**Director:** BNP Paribas

**2017:**

**Chairman and Chief Executive**

**Officer:** Compagnie de  
Saint-Gobain

**Director:** BNP Paribas

**2016:**

**Chairman and Chief Executive**

**Officer:** Compagnie de  
Saint-Gobain

**Director:** BNP Paribas

**2015:**

**Chairman and Chief Executive**

**Officer:** Compagnie de  
Saint-Gobain

**Director:** BNP Paribas

(1) At 31 December 2019.

(\*) Listed company.

**Monique COHEN**

Principal function: Partner of Apax Partners

*Date of birth:* 28 January 1956*Nationality:* French*Term start and end dates:* 23 May 2017 – 2020 AGM*Date first elected to the Board:* 12 February 2014, ratified by the Annual General Meeting of 14 May 2014*Number of BNP Paribas shares held<sup>(1)</sup>:* 9,620*Office address:* 1, rue Paul-Cézanne  
75008 PARIS,  
FRANCE**Education**

Graduate of the École Polytechnique

Master's Degree in Mathematics

Master's Degree in Business Law

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held under the principal function**

Apax Partners SAS, director

Proxima Investissement SA (Luxembourg), Chairwoman of the Board

Fides Holdings, Chairwoman of the Board of directors

Fides Acquisitions, director

**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Hermès<sup>(\*)</sup>, Vice-Chairwoman of the Supervisory BoardSafran<sup>(\*)</sup>, senior director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, Chairwoman of the Corporate Governance, Ethics, Nominations and CSR Committee, member of the Internal Control, Risk and Compliance Committee

Hermès, Chairwoman of the Audit and Risks Committee

Safran, Chairwoman of the Nominations and Remuneration Committee

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Chairwoman of the Board of directors:** Proxima Investissement SA (Luxembourg), Fides Holdings**Vice-Chairwoman of the Supervisory Board:** Hermès**Director:** BNP Paribas, Safran, Apax Partners SAS**Member:** Fides Acquisitions**2017:****Chairwoman of the Board of directors:** Proxima Investments SA (Luxembourg), Fides Holdings, Fides Acquisitions**Vice-Chairwoman of the Supervisory Board:** Hermès**Director:** BNP Paribas, Safran, Apax Partners SAS**2016:****Chairwoman of the Board of directors:** Proxima Investment SA (Luxembourg)**Vice-Chairwoman and member of the Supervisory Board:** Hermès**Director:** BNP Paribas, Safran, Apax Partners Midmarket SAS**Member:** Special Committee (advisory body) of Global Project SAS, Supervisory Board of JC Decaux**2015:****Chairwoman of the Board of directors:** Proxima Investment SA (Luxembourg)**Vice-Chairwoman and member of the Supervisory Board:** Hermès**Director:** BNP Paribas, Safran, Apax Partners Midmarket SAS**Member:** Special Committee (advisory body) of Global Project SAS, Supervisory Board of JC Decaux*(1) At 31 December 2019.**(\*) Listed company.*

**Wouter DE PLOEY**

Principal function: Chief Executive Officer of ZNA (hospital group in Antwerp, Belgium)

*Date of birth:* 5 April 1965*Nationality:* Belgian*Term start and end dates:* 23 May 2019 – 2022 AGM*Date first elected to the Board:* 26 May 2016*Number of BNP Paribas shares held<sup>(1)</sup>:* 1,000*Office address:* Leopoldstraat 26B-2000 ANTWERPEN/ANVERS,  
BELGIUM**Education**

Master's degree and Doctorate in Economics from the University of Michigan, Ann Arbor (United States of America)

Master's in Economics (Magna cum Laude) and Philosophy, University of Leuven (Belgium)

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**

Vanbreda Risk &amp; Benefits NV, director

Unibreda NV, director

**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Financial Statements Committee

**Other<sup>(1)</sup>**

Gasthuiszusters Antwerpen, director

Regroupement GZA-ZNA, director

BlueHealth Innovation Center, director

Chamber of Commerce bureau, VOKA Antwerp – Waasland (Belgium),

Vice-Chairman

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas, Vanbreda Risk & Benefits NV (Belgium), Unibreda NV (Belgium), BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA  
**Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland (Belgium)**2017:****Director:** BNP Paribas Vanbreda Risk & Benefits NV (Belgium), Unibreda NV  
**Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp – Waasland (Belgium)  
**Member:** Belgian – American Educational Foundation (Belgium)  
**Adviser to the Board of directors:** Lannoo publishing company (Belgium)**2016:****Member of the Supervisory Board:** GIMV XL  
**Director:** BNP Paribas  
**Vice-Chairman:** Waasland (Belgium)  
**Chairman:** Board of directors of the Museum of Contemporary Art, Antwerp (Belgium)  
**Member:** Belgian – American Educational Foundation (Belgium), of the Board of directors of Haute École Odisee (Belgium)  
**Adviser to the Board of directors:** Lannoo publishing company (Belgium)*(1) At 31 December 2019.**(\*) Listed company.***Hugues EPAILLARD**

Principal function: Real estate business manager

*Date of birth:* 22 June 1966*Nationality:* French*Term start and end dates:* elected by BNP Paribas executives employees for three years from 16 February 2018 – 15 February 2021*Date first elected to the Board:* 16 February 2018*Number of BNP Paribas shares held<sup>(1)</sup>:* 373<sup>(2)</sup>*Office address:* 83, La Canebière  
13001 MARSEILLE**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Internal Control, Risk and Compliance Committee and of the Remuneration Committee

**Other<sup>(1)</sup>**Judge at the Marseille Employment Tribunal, Management section  
Commission Paritaire de la Banque (AFB – Recourse Commission), member**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas*(1) At 31 December 2019.**(2) Includes 363 BNP Paribas shares held under the Company Savings Plan.**(\*) Listed company.*

**Rajna GIBSON-BRANDON**

Principal function: Professor in Finance at the University of Geneva

*Date of birth:* 20 December 1962*Nationality:* Swiss*Term start and end dates:* 28 November 2018 – 2021 AGM*Date first elected to the Board:* 28 November 2018*Number of BNP Paribas shares held<sup>(1)</sup>:* 1,000*Office address:* 40, Boulevard Pont d'Arve  
CH-1211 GENEVA 4  
Switzerland**Education**Doctorate in Social Sciences & Economics (Specialising in Finance),  
University of Geneva**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Internal Control, Risk and Compliance Committee

**Other<sup>(1)</sup>**

Geneva Finance Research Institute, Deputy director

Geneva Institute for Wealth Management Foundation, director

Bülach Investment Professionals' Scientific and Training Board,  
ChairwomanStrategic Committee and Sustainable Finance Supervisory Committee  
in Geneva, member

Applic8 SA, director

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas,  
Applic8 SA**Chairwoman:** Bülach Investment  
Professionals' Scientific and  
Training Board**Director:** Geneva Institute for  
Wealth Management Foundation**Deputy director:** Geneva  
Finance Research Institute**Member:** Strategic Committee  
and Sustainable Finance  
Supervisory Committee in  
Geneva*(1) At 31 December 2019.**(\*) Listed company.*

**Marion GUILLOU**

Principal function: Independent director

Date of birth: 17 September 1954

Nationality: French

Term start and end dates: 23 May 2019 – 2022 AGM

Date first elected to the Board: 15 May 2013

Number of BNP Paribas shares held<sup>(1)</sup>: 1,000Office address: 1, place du Palais-Royal  
75001 PARIS,  
FRANCE**Education**

Graduate of the École Polytechnique (X73)

Graduate of the École Nationale du Génie Rural, des Eaux et des Forêts

Doctor of Food Sciences

Institut français des administrateurs

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Imerys<sup>(\*)</sup>, directorVeolia Environnement<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Corporate Governance, Ethics, Nominations and CSR Committee, and of the Internal Control, Risk and Compliance Committee

Imerys, member of the Nominations and Remuneration Committee

Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee and the Remuneration Committee

**Other<sup>(1)</sup>**

Special Counsellor, French State Council

Care – France (NGO), director

International agricultural research centre (IARC), director

Bioversity International, director

Bioversity-CIAT Alliance, director

IFRI, director

Universcience, director

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution)**Director:** BNP Paribas, Imerys, Veolia Environnement**Member:** Board of directors of Universcience, Board of directors of Care – France (NGO), Board of directors of Bioversity International, Board of directors of the International agricultural research centre (IARC), Board of directors of IFRI**2017:****Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution)**Director:** BNP Paribas, Imerys, Veolia Environnement**Member:** Board of directors of Universcience, Board of directors of Care – France (NGO), Board of directors of IHEST (Institut des Hautes Études en Sciences et Technologies), Academic Council of the Academy of Technologies, Board of directors of Bioversity International**2016:****Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution)**Director:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement**Member:** Board of directors of Care – France (NGO), Board of directors of IHEST (Institut des Hautes Études en Sciences et Technologies), Board of directors of Bioversity International**2015:****Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution)**Director:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement**Member:** Board of directors of Fondation Nationale des Sciences Politiques (FNSP)

(1) At 31 December 2019.

(\*) Listed company.

**Denis KESSLER**

Principal function: Chairman and Chief Executive Officer of SCOR SE

*Date of birth:* 25 March 1952*Nationality:* French*Term start and end dates:* 24 May 2018 – 2021 AGM*Date first elected to the Board:* 23 May 2000*Number of BNP Paribas shares held<sup>(1)</sup>:* 2,684*Office address:* 5, avenue Kléber  
75016 PARIS,  
FRANCE**Education**

Degree in Economic Science

Degree in Social Science

Doctor of Economic Science

Graduate of the French École des Hautes Études Commerciales

French Institute of Actuaries, qualified member

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held under the principal function**SCOR SE<sup>(\*)</sup>, Chairman and Chief Executive Officer**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Invesco Ltd<sup>(\*)</sup> (United States), director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, Chairman of the Financial Statements Committee

Invesco Ltd, Member of the Compensation Committee and the

Nominations and Corporate Governance Committee

SCOR SE, Chairman of the Strategic Committee and member of the

Crisis Management Committee

**Other<sup>(1)</sup>**

Association de Genève, director

Global Reinsurance Forum – Reinsurance Advisory Board, member

Institut des Sciences morales et politiques, member of the French

Institute of Actuaries, qualified member

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Chairman and Chief Executive Officer:** SCOR SE**Director:** BNP Paribas, Invesco Ltd (United States)**Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Institut des sciences morales et politiques, Institute of Actuaries**2017:****Chairman and Chief Executive Officer:** SCOR SE**Director:** BNP Paribas, Invesco Ltd (United States)**Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Conference Board (Global counsellor), Institut des sciences morales et politiques, Institute of Actuaries**2016:****Chairman and Chief Executive Officer:** SCOR SE**Director:** BNP Paribas, Invesco Ltd (United States)**Member:** Board of directors of Association de Genève, Global Reinsurance Forum – Reinsurance Advisory Board, Conference Board (Global counsellor)**2015:****Chairman and Chief Executive Officer:** SCOR SE**Director:** BNP Paribas, Invesco Ltd (United States)**Member:** Board of directors of the Association de Genève, Bureau of the French insurance companies federation (Fédération Française des Sociétés d'Assurance), Global Reinsurance Forum – Reinsurance Advisory Board, Conference Board (Global counsellor)*(1)* At 31 December 2019.*(\*)* Listed company.



**Daniela SCHWARZER**

Principal function: Director of think tank, DGAP (Deutsche Gesellschaft für Auswärtige Politik) (German Council on Foreign Relations)

*Date of birth:* 19 July 1973*Nationality:* German*Term start and end dates:* 23 May 2017 – 2020 AGM*Date first elected to the Board:* 14 May 2014*Number of BNP Paribas shares held<sup>(1)</sup>:* 1,000*Office address:* Rauchstrasse 17-18  
10787 BERLIN,  
GERMANY**Education**Doctorate in Economics from the Free University of Berlin  
Master's degree in Political Science and in Linguistics from the University of Tübingen**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Corporate Governance, Ethics, Nominations and CSR Committee

**Other**Jacques-Delors Institute, director  
Foundation United Europe (Germany), director  
Open Society Foundation, member of the Advisory Committee  
Académie fédérale de sécurité, member of the Advisory Committee**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas**Member:** Board of directors of the Jacques-Delors Institute, Board of directors of United Europe (Germany), Open Society Foundation, Advisory Committee**Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)**2017:****Director:** BNP Paribas**Member:** Board of directors of Association Notre Europe – Jacques-Delors Institute, Board of directors of United Europe (Germany)**Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)**2016:****Director:** BNP Paribas**Member:** Board of directors of Association Notre Europe – Jacques-Delors Institute, Board of directors of United Europe (Germany)**Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)**2015:****Director:** BNP Paribas**Member:** Board of directors of Association Notre Europe – Jacques-Delors Institute, Board of directors of United Europe (Germany)**Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)*(1)* At 31 December 2019.*(\*)* Listed company.

**Michel TILMANT**

Principal function: Director of companies

Date of birth: 21 July 1952

Nationality: Belgian

Term start and end dates: 23 May 2019 – 2022 AGM

Date first elected to the Board: 12 May 2010

(Michel Tilmant served as non-voting director (*censeur*) of BNP Paribas from 4 November 2009 to 11 May 2010)Number of BNP Paribas shares held<sup>(1)</sup>: 1,000Office address: Rue du Moulin 10  
B-1310 LA HULPE,  
BELGIUM**Education**

Graduate of the University of Louvain

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held under the principal function**

Strafin sprl (Belgium), manager

**Other offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Sofina SA<sup>(\*)</sup> (Belgium), director

Groupe Lhoist SA (Belgium), director

**Foyer Group:**

CapitalatWork Foyer Group SA (Luxembourg), Chairman

Foyer SA (Luxembourg), director

Foyer Finance SA, director

**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, Chairman of the Internal Control, Risk and Compliance Committee

Sofina SA, member of the Nominations and Remuneration Committee

Groupe Lhoist SA, member of the Audit Committee

**Other<sup>(1)</sup>**

Cinven Ltd (United Kingdom), senior adviser

Royal Automobile Club of Belgium (Belgium), director

Zoute Automobile Club (Belgium), director

Université Catholique de Louvain (Belgium), director

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Chairman:** CapitalatWork Foyer Group SA (Luxembourg)**Director:** BNP Paribas Foyer SA (Luxembourg), Foyer Finance SA, Groupe Lhoist SA (Belgium), Sofina SA (Belgium)**Manager:** Strafin sprl (Belgium)**Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of Directors of Université

Catholique de Louvain (Belgium)

**Senior adviser:** Cinven Ltd (United Kingdom)**2017:****Chairman:** CapitalatWork Foyer Group SA (Luxembourg)**Director:** BNP Paribas Foyer SA (Luxembourg), Foyer Finance SA, Groupe Lhoist SA (Belgium), Sofina SA (Belgium)**Manager:** Strafin sprl (Belgium)**Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of Directors of Université

Catholique de Louvain (Belgium)

**Senior adviser:** Cinven Ltd (United Kingdom)**2016:****Director:** BNP Paribas CapitalatWork Foyer Group SA (Luxembourg), Foyer SA (Luxembourg), Groupe Lhoist SA (Belgium), Sofina SA (Belgium)**Manager:** Strafin sprl (Belgium)**Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of Directors of Université Catholique de Louvain (Belgium)**Senior adviser:** Cinven Ltd (United Kingdom)**2015:****Director:** BNP Paribas CapitalatWork Foyer Group SA (Luxembourg), Foyer SA (Luxembourg), Groupe Lhoist SA (Belgium), Sofina SA (Belgium)**Manager:** Strafin sprl (Belgium)**Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of Directors of Université Catholique de Louvain (Belgium)**Senior adviser:** Cinven Ltd (United Kingdom)

(1) At 31 December 2019.

(\*) Listed company.

**Sandrine VERRIER**

Principal function: Production and sales support assistant

*Date of birth:* 9 April 1979*Nationality:* French*Term start and end dates:* elected by BNP Paribas technician employees for three years from 16 February 2018 – 15 February 2021*Date first elected to the Board:* 16 February 2015*Number of BNP Paribas shares held<sup>(1)</sup>:* 10*Office address:* 22, rue de Clignancourt  
75018 PARIS,  
FRANCE**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Financial Statements Committee

**Other<sup>(1)</sup>**

Ile de France Economic, Social and Environmental Council, Member

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas**2017:****Director:** BNP Paribas**2016:****Director:** BNP Paribas**2015:****Director:** BNP Paribas*(1) At 31 December 2019.**(\*) Listed company.*

**Fields WICKER-MIURIN**

Principal function: Director of companies

Date of birth: 30 July 1958

Nationalities: British and American

Term start and end dates: 23 May 2017 – 2020 AGM

Date first elected to the Board: 11 May 2011

Number of BNP Paribas shares held<sup>(1)</sup>: 1,000Office address: 11-13 Worples Way  
RICHMOND-UPON-THAMES,  
SURREY TW10 6DG,  
UNITED KINGDOM**Education**

Graduate of the Institut d'Études Politiques de Paris

Master's Degree from the School of Advanced International Studies,

Johns Hopkins University

BA, University of Virginia

**Offices<sup>(1)</sup> held in listed or unlisted companies of the BNP Paribas Group, in France or abroad**BNP Paribas<sup>(\*)</sup>, director**Offices<sup>(1)</sup> held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad**Prudential Plc<sup>(\*)</sup>, directorSCOR SE<sup>(\*)</sup>, director**Participation<sup>(1)</sup> in specialised committees of French or foreign companies**

BNP Paribas, member of the Financial Statements Committee and of the Remuneration Committee

Prudential Plc, member of the Compensation Committee

SCOR SE, member of the Strategic Committee, Risk Committee, Nominations and Remuneration Committee and Audit Committee, member of the Crisis Management Committee and Chairwoman of the CSR Committee

**Other<sup>(1)</sup>**

Co-founder and Partner at Leaders' Quest (United Kingdom)

UK Department of Digital Culture, Media and Sports, independent

member of the Ministry Council, and Chairwoman of the Audit and Risk Committee

**Offices held at 31 December in previous financial years***(the companies mentioned are the parent companies of the groups in which the functions were carried out)***2018:****Director:** BNP Paribas, Prudential Plc, SCOR SE  
**Co-founder and Partner** at Leaders' Quest (United Kingdom)  
**Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital Culture, Media and Sports**2017:****Director:** BNP Paribas, Control Risks Group, SCOR SE  
**Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital Culture, Media and Sports**2016:****Director:** BNP Paribas, Control Risks Group, SCOR SE  
**Independent member and Chairwoman of the Audit and Risk Committee:** UK Department of Digital Culture, Media and Sports**2015:****Director:** BNP Paribas, Bilt Paper BV (Netherlands), SCOR SE  
**Member:** Board of the Batten School of Leadership – University of Virginia (United States)

(1) At 31 December 2019.

(\*) Listed company.

## 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. On 8 April 2019, the defendants affected by the appeal, including the affected BNP Paribas entities, notified the Second Circuit of their intent to seek further review by the U.S. Supreme Court. The 3 October 2018 decision will be subject to appeal at the conclusion of that suit.

Various litigations and investigations are or were ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholders groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)’s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V.. These shareholders groups mainly allege that there has been a breach in financial communication, regarding, inter alia, the disclosure on the exposure to subprime mortgages. On 13 July 2018, the Amsterdam Court of Appeal has declared binding a settlement between Ageas and representatives of certain shareholders groups who held shares between 28 February 2007 and 14 October 2008. The settlement has become final with the decision of Ageas on 20 December 2018 to waive its termination right. BNP Paribas Fortis is one of the releasees under the Ageas Settlement. This means that each eligible shareholder who has not opted out prior to 31 December 2018 will be deemed to have fully released BNP Paribas Fortis from any claim regarding the events during this time. The number of “opt out” is limited.

Litigation was also brought in Belgium by minority shareholders of Fortis 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. BNP Paribas does not have tangible elements to assess the duration of such suspension. The Public Prosecutor has stated on 20 December 2018 that he sees no reason to request the Council’s chamber of the Court to order a referral.

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.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets. The Bank has been cooperating with the investigations and inquiries and has responded to the information requests. On 25 January 2018, BNP Paribas USA Inc. accepted to plead guilty in front of the U.S. District Court for the Southern District of New York to a single violation of the Sherman Antitrust Act. On 30 May 2018, the court imposed the sentence, as jointly recommended in the plea agreement between BNP Paribas USA Inc. and the Department of Justice (“**DOJ**”), consisting of (1) a fine of USD 90 million; (2) no probation, and (3) no order of restitution. In reaching the plea agreement with BNP Paribas USA Inc., the DOJ has noted the Bank’s substantial efforts relating to compliance and remediation to address and prevent the re-occurrence through its compliance and remediation program of the issues arising from its FX trading business.

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.

On 26 February 2020, the Paris Tribunal correctionnel found BNP Paribas Personal Finance guilty of misleading commercial practice and concealment of this practice. BNP Paribas Personal Finance is ordered to pay a fine of EUR 187,500. The Court ordered the publication of the judgment in certain French newspapers. BNP Paribas Personal Finance is ordered to pay damages and attorney expenses to the victims, including three consumer associations. The damages award is effective immediately. BNP Paribas Personal Finance is considering an appeal.

## RISK FACTORS

*Not all of the risk factors described below will be applicable to a particular series of the Structured Products. Please consider all risks carefully prior to investing in any Structured Products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the Structured Products. Please read the following section together with the risk factors set out in the relevant launch announcement and supplemental listing document.*

### **General risks in relation to us and the Guarantor**

#### *Structured Products are unsecured obligations*

The Structured Products are not secured on any of our or the Guarantor's assets or any collateral. Each series of Structured Products will constitute our general unsecured contractual obligations and the general unsecured contractual obligations of the Guarantor and of no other person and will rank pari passu with our other unsecured contractual obligations and the unsecured and unsubordinated debt of the Guarantor. At any given time, the number of Structured Products outstanding may be substantial.

#### *Creditworthiness*

If you purchase our Structured Products, you are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the Structured Products against:

- (a) any company which issues the underlying shares;
- (b) the trustee or the manager of the underlying trust; or
- (c) any index compiler of the underlying index.

As our obligations under the Structured Products are unsecured, we do not guarantee the repayment of capital invested in any Structured Product.

If we become insolvent or default on our obligations under the Structured Products or the Guarantor becomes insolvent or defaults on its obligations under the Guarantee, you can only claim as our or the Guarantor's unsecured creditor regardless of the performance of the

underlying asset and you may not be able to recover all or even part of the amount due under the Structured Products (if any).

Any downgrading of the Guarantor's rating by rating agencies such as Moody's or S&P could result in a reduction in the trading value of the Structured Products.

#### *No deposit liability or debt obligation*

In respect of cash settled Structured Products, we have the obligation to deliver to you the Cash Settlement Amount (net of any Exercise Expenses) in accordance with the Conditions of each series of Structured Products upon expiry.

It is not our intention by the issue of any Structured Product (expressed, implicit or otherwise) to create a deposit liability of us or the Guarantor or a debt obligation of any kind.

#### *Conflicts of interest*

The BNP Group engages in commercial, banking and other activities for our own account or the account of others and, in connection with our other business activities, may possess or acquire material information about the Underlying Assets to which the relevant Structured Product is linked. Such activities may involve or otherwise affect the Underlying Assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of Structured Products by us. Such actions and conflicts may include, without limitation, the purchase and sale of securities and/or exercise of creditor rights. The BNP Group:

- (a) has no obligation to disclose such information about the Underlying Assets or such activities. The BNP Group and our respective officers and directors may engage in any such activities without regard

to the issue of Structured Products by us or the effect that such activities may directly or indirectly have on any Structured Product;

- (b) may from time to time engage in transactions involving the Underlying Assets for its accounts and/or for accounts under its management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the price/level of the Underlying Assets and consequently upon the value of the relevant series of Structured Products;
- (c) may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider; and/or
- (d) may issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products.

*Risks related to the BNP Group's growth in its current environment*

Epidemics and pandemics, including the ongoing coronavirus (COVID-19) pandemic and their economic consequences may adversely affect the BNP Group's business, operations and financial condition.

A novel strain of the coronavirus (COVID-19) emerged in China in December 2019 and has since spread to numerous countries throughout the globe; the World Health Organization declared the outbreak a pandemic in March 2020. Both the outbreak and government measures taken in response (such as border closings, travel restrictions and confinement measures) have had and may continue to have a significant impact, both direct and indirect, on economic activity and financial markets globally. The slowdowns of the economies particularly affected (such as China, Italy, France, Spain and other European countries, the United States and the United Kingdom) as well as the reduction in global trade and commerce more generally have had and are

likely to continue to have negative effects on global economic conditions as global production, investments, supply chains and consumer spending are affected and further restrictions are implemented.

In response to the adverse economic and market consequences of the pandemic, various governments and central banks have taken or announced measures to support the economy (such as loan guarantee schemes, tax payment deferrals and expanded unemployment coverage) or to improve liquidity in the financial markets (such as increased asset purchases and funding facilities). The BNP Group is mobilised to channel these measures and support customers in particular in the Domestic Markets' networks. No assurance can be given, however, that such measures will suffice to offset the negative effects of the pandemic on the economy regionally or globally, to stave off regional or global recessions or to stabilise financial markets. The economic environment may well deteriorate further before beginning to improve.

The BNP Group is exposed to risks from the pandemic and its economic and market consequences both due to its inherent general sensitivity, as a global financial institution, to macroeconomic and market conditions, as well as to specific implications, as described below.

The BNP Group's results and financial condition could be adversely affected by reduced economic activity and potentially recessions in its principal markets. The containment measures taken in several of the principal countries where the BNP Group operates, in particular its domestic markets (France, Italy, Belgium and Luxembourg which collectively represent 43% of its total gross credit exposures as at 31 December 2019), are significantly reducing economic activity and a substantial prolongation of such measures could result in local or regional recessions. The impacts of these measures could affect the BNP Group's results due to reduced revenues and to deteriorated asset quality both generally and in specific sectors that are particularly affected. The sectors most likely to be adversely impacted to date include the travel and tourism sectors; the BNP Group's exposure to the aircraft sector (such as airlines and lessors) and to the tourism sector each represented approximately 1% of its



total gross credit exposures as at 31 December 2019. The oil and gas sector has also been affected by a concomitant decrease in demand resulting from the pandemic and increase in supply due to the unraveling of the OPEC/Russia production cooperation; this sector represented approximately 2.2% of the BNP Group's total gross credit exposures as of 31 December 2019. The BNP Group's results and financial condition could be adversely affected to the extent that the counterparties to whom it has exposure in these sectors (and more generally, to the extent the negative effect on credit quality is more widespread) could be materially and adversely affected, resulting in particular in an increase in the BNP Group's cost of risk.

The BNP Group's results and financial condition could also be negatively affected by adverse trends in financial markets to the extent that the pandemic has led in particular to extreme market conditions (such as market volatility spikes, sharp drop in equity markets, tension on spreads and specific asset markets on hold). This situation could have an adverse impact on the BNP Group's market activities, which accounted for 12% of its consolidated revenues in 2019, resulting in trading or other market-related losses. Moreover, some investment portfolios (such as in the BNP Group's insurance subsidiaries) are accounted for on a mark to market basis and could thus be impacted by deteriorated market conditions.

Uncertainty as to the duration and extent of the pandemic makes the overall impact on the world economy unpredictable. The extent to which the pandemic and its economic consequences will affect the BNP Group's results and financial condition will depend on future developments, including (i) the impact of the measures taken to date or future measures that may be taken by governments and central banks and (ii) the actual severity and duration of the pandemic and the nature, extent and duration of the measures taken to contain or treat its impact in the various markets where the BNP Group operates. In addition while central bank and government actions and support measures taken in response to the pandemic may well help attenuate its adverse economic and market consequences, they have also issued and may issue additional restrictions or recommendations in respect of

banks' actions (see in particular the recommendation issued by the European Central Bank on 27 March 2020). In particular they may limit or seek to limit banks' flexibility in managing their business and taking action in relation to capital distribution and capital allocation.

The above risks may adversely affect the BNP Group's business, operations and financial condition. Investors should therefore take into account the information above when evaluating our creditworthiness and the creditworthiness of the Guarantor.

### **General risks in relation to Structured Products**

*You may lose all your investment in the Structured Products*

Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest rate, foreign exchange, time value, market and/or political risks. Structured Products may expire worthless.

Generally speaking, options, warrants and equity linked instruments are priced primarily on the basis of the price/level/exchange rate of the Underlying Asset, the volatility of the Underlying Asset's price/ level/exchange rate and the time remaining to expiry of the Structured Product.

The price of Structured Products generally may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or total loss of the purchase price of the Structured Products. Assuming all other factors are held constant, the more the underlying share price, unit price, index level or exchange rate of a Structured Product moves in a direction against you, the greater the risk that you will lose all or a significant part of your investment.

The risk of losing all or any part of the purchase price of a Structured Product means that, in order to recover and realise a return on your investment, you must generally anticipate correctly the direction, timing and magnitude of any change in the price/ level/exchange rate of

the Underlying Asset as may be specified in the relevant launch announcement and supplemental listing document.

Changes in the price/level/exchange rate of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price/level/ exchange rate of the Underlying Asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment (or, in the case of Inline Warrants, a substantial part of your investment) if the price/level/exchange rate of the relevant Underlying Asset does not move in your anticipated direction.

*The value of the Structured Products may be disproportionate with or opposite to movement in the price/level/exchange rate of the Underlying Assets*

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Assets. The market values of Structured Products are linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the price/ level/exchange rate of the Underlying Assets is moving up, the value of the Warrant or CBBC is falling. In the case of Inline Warrants, generally, ignoring interim interest rates and expected dividend payments on the Underlying Asset or on any components comprising the underlying index and assuming all other factors remain constant, the closer the price/level of the Underlying Asset towards the mid-way of the Upper Strike Price/Upper Strike Level and the Lower Strike Price/Lower Strike Level, the greater the value of the Inline Warrants; conversely, the farther the price/level of the Underlying Asset from the mid-way of the Upper Strike Price/Upper Strike Level and the Lower Strike Price/Lower Strike Level, the lower the value of the Inline Warrants.

If you intend to purchase any series of Structured Products to hedge against the market risk associated with investing in an Underlying Asset specified in the relevant launch announcement and supplemental listing document, you should

recognise the complexities of utilising Structured Products in this manner. For example, the value of the Structured Products may not exactly correlate with the price/ level/exchange rate of the Underlying Asset. Due to fluctuations in supply and demand for Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset. The Structured Products may not be a perfect hedge to the Underlying Asset or portfolio of which the Underlying Asset forms a part.

It may not be possible to liquidate the Structured Products at a level which directly reflects the price/ level/exchange rate of the Underlying Asset or portfolio of which the Underlying Asset forms a part. Therefore, it is possible that you could suffer substantial losses in the Structured Products in addition to any losses suffered with respect to investments in or exposures to the Underlying Asset.

*Possible illiquidity of secondary market*

It is not possible to predict if and to what extent a secondary market may develop in any series of Structured Products and at what price such series of Structured Products will trade in the secondary market and whether such market will be liquid or illiquid. The fact that the Structured Products are listed does not necessarily lead to greater liquidity than if they were not listed.

If any series of Structured Products are not listed or traded on any exchange, pricing information for such series of Structured Products may be difficult to obtain and the liquidity of that series of Structured Products may be adversely affected.

The liquidity of any series of Structured Products may also be affected by restrictions on offers and sales of the Structured Products in some jurisdictions.

Transactions in off-exchange Structured Products may be subject to greater risks than dealing in exchange-traded Structured Products. To the extent that any Structured Products of a series is closed out, the number of Structured Products outstanding in that series will decrease, which may result in a lessening of the liquidity of Structured Products. A lessening of the liquidity

of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

While we have appointed, or will appoint, a liquidity provider for the purposes of making a market for each series of Structured Products, there may be circumstances outside our control or the appointed liquidity provider's control where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted and/or, without limitation, frustrated. The more limited the secondary market, the more difficult it may be for you to realise the value of the Structured Products prior to expiry.

#### *Interest rates*

Investments in the Structured Products may involve interest rate risk with respect to the currency of denomination of the Underlying Assets and/or the Structured Products. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Structured Products at any time prior to valuation of the Underlying Assets relating to the Structured Products.

#### *Time decay*

The settlement amount of certain series of Structured Products at any time prior to expiration may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount will reflect, among other things, a "time value" of the Structured Products. The "time value" of the Structured Products will depend partly upon the length of the period remaining to expiration and expectations concerning the price/level/exchange rate of the Underlying Assets. The value of a Warrant or CBBC will decrease over time. The value of an Inline Warrant is likely to decrease over time when the price or level of the Underlying Asset falls outside the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive), ignoring interim interest rates and expected dividend payments on the Underlying Asset or on

any components comprising the underlying index and assuming all other factors remain constant. Therefore, the Structured Products should not be viewed as products for long term investments.

#### *Exchange rate risk*

There may be an exchange rate risk in the case of cash settled Structured Products where the Cash Settlement Amount will be converted from a foreign currency into the Settlement Currency. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Structured Products. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies.

#### *Possible early termination for illegality or impracticability*

If the Conditions provide for termination due to illegality and we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, the performance of (i) our obligations under the relevant Structured Products or (ii) our Guarantor's obligations under the Guarantee has become illegal or impracticable, we may terminate early the relevant Structured Products. If we terminate early the relevant Structured Products, we will, if and to the extent permitted by applicable law, pay an amount determined by us in good faith and in a commercially reasonable manner to be the fair market value of the relevant Structured Products notwithstanding the illegality or impracticability less our cost of unwinding the underlying hedging arrangements. Such amount may be substantially less than your initial investment and may be zero.

*Foreign Account Tax Compliance withholding may affect payments on the Structured Products*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

While the Structured Products are in dematerialised form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. An Issuer’s obligations under the Structured Products are discharged once it has paid the clearing systems and an Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section “Taxation – Taxation in the United States of America – Foreign Account Tax Compliance Act.”

**Modification to the Conditions**

Under the Conditions, we may, without your consent, effect any modification of the terms and conditions applicable to the Structured Products which, in our opinion, is:

- (a) not materially prejudicial to the interest of the holders of the Structured Products generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

**Risks in relation to the Underlying Asset**

*You have no right to the Underlying Asset*

Unless specifically indicated in the Conditions, you will not be entitled to:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the underlying shares or units in the underlying trust would normally be entitled to; or
- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

*Valuation risk*

An investment in Structured Products may involve valuation risks in relation to the Underlying Asset to which the particular series of Structured Products relate. The price/level/exchange rate of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors, market trends, speculation and/or (where the Underlying Asset is an index) changes in the formula for or the method of calculating the index.

Where the Structured Products are linked to certain Underlying Asset in a developing financial market, you should note a developing financial market differs from most developed markets in various aspects, including the growth rate, government involvement and control, level of development and foreign exchange control. Any rapid or significant changes in the economic, political or social condition and the government policies of the developing financial market may result in large fluctuations in the value or level of the Underlying Asset. Such fluctuations may affect the market value of the Structured Products and hence your investment return.

Where the Structured Products are linked to a currency pair as the Underlying Asset, you should note that the foreign exchange market can be very volatile and unpredictable. Exchange rate of the currencies may fluctuate as a result of market, economic and/or political conditions in the principal financial centres of the countries of the currencies and also in other countries. For example, it can be affected by change of governments' monetary or foreign exchange policies, rates of inflation, interest rate levels and the extent of governmental surpluses or deficits in the relevant countries. Such fluctuations may affect the market value of the Structured Products and hence your investment return.

You must be experienced in dealing in these types of Structured Products and must understand the risks associated with dealing in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any Structured Product in light of your particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the relevant Structured Product relates.

#### *Adjustment related risk*

Certain events relating to the Underlying Asset require or, as the case may be, permit us to make certain adjustments or amendments to the Conditions. You have limited anti-dilution protection under the Conditions. We may, in our sole discretion:

- (a) in respect of Structured Products relating to single equities or unit trust, adjust, among other things, the Entitlement, the Exercise Price/Strike Price, the Upper Strike Price/Lower Strike Price and the Call Price (if applicable) upon exercise or any other terms (including without limitation the closing price of the Underlying Asset) of any series of Structured Products for events such as rights issue, bonus issue, subdivision, consolidation, restructuring event or certain cash distribution;
- (b) in respect of Structured Products relating to an index, determine the Closing Level;
- (c) in respect of Structured Products relating to a commodity or commodity futures, adjust, among other things, the Closing Price and if applicable, the Price Source and/or the Exchange Rate; or
- (d) in respect of Structured Products relating to a currency pair, adjust, among other things, the Spot Rate and the Settlement Exchange Rate (if applicable).

However, we are not obliged to make an adjustment for every event that may affect an Underlying Asset, in which case the market price of the Structured Products and the return upon the expiry of the Structured Products may be affected.

In the case of Structured Products which relate to an index, the level of the index may be published by the index compiler at a time when one or more components comprising the index are not trading. If this occurs on the Valuation Date which does not constitute a Market Disruption Event under the Conditions, then the Closing Level of the index is calculated by reference to the remaining components in the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method.

### *Suspension of trading*

If an Underlying Asset is suspended from trading or dealing for whatever reason on the market on which it is listed or dealt in (including the Stock Exchange), trading in the relevant series of Structured Products may be suspended for a similar period. The value of the Warrants and CBBCs will decrease over time, while the value of an Inline Warrant is likely to decrease over time when the price or level of the Underlying Asset falls outside the range between the Upper Strike Price or Upper Strike Level and the Lower Strike Price or Lower Strike Level (both inclusive), ignoring interim interest rates and expected dividend payments on the Underlying Asset or on any components comprising the underlying index and assuming all other factors remain constant. You should note that in the case of a prolonged suspension period, the market price of the Structured Products may be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the Structured Products. This may adversely affect your investment in the Structured Products.

### *Delay in settlement*

Unless otherwise specified in the relevant Conditions, in the case of any termination or expiry, as the case may be, of Structured Products, there may be a time lag between the date on which the Structured Products are terminated or expired, and the time the applicable settlement amount is paid to you. Any such delay between the time of termination or expiry and the payment of the settlement amount will be specified in the relevant Conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the termination or expiry of such Structured Products arising from a determination by us that a Market Disruption Event, Settlement Disruption Event or delisting of the underlying shares or units in the underlying trust has occurred at any relevant time or that adjustments are required in accordance with the Conditions.

That applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount or entitlement value (as the case may be) of the Structured Products.

You should note that in the event of there being a Settlement Disruption Event or a Market Disruption Event, payment of the Cash Settlement Amount may be delayed as more fully described in the Conditions.

### **Risks relating to Structured Products over trusts**

In the case of Structured Products which relate to the units of a trust:

- (a) the BNP Group is not able to control or predict the actions of the trustee or the manager of the relevant trust. Neither the trustee nor the manager of the relevant trust (i) is involved in the offer of any Structured Product in any way, or (ii) has any obligation to consider the interest of the holders of any Structured Product in taking any actions that might affect the value of any Structured Product; and
- (b) we have no role in the relevant trust. The trustee or manager of the relevant trust is responsible for making investment and other trading decisions with respect to the management of the relevant trust consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant trust. The manner in which the relevant trust is managed and the timing of actions may have a significant impact on the performance of the relevant trust. Hence, the market price of the relevant units is also subject to these risks.

### *Exchange traded funds*

In the case of Structured Products linked to units of an exchange traded fund (“ETF”), you should note that:

- (a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to

track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and

- (c) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the unit creation or redemption to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Structured Products will also be indirectly subject to these risks.

#### *Synthetic exchange traded funds*

Additionally, where the Underlying Asset comprises the units of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track (“**Synthetic ETF**”), you should note that:

- (a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF.

Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and

- (b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of Structured Products linked to such ETF or Synthetic ETF.

#### *ETF investing through RQFII and/or China Connect*

Where the Underlying Asset comprises the units of an ETF (“**China ETF**”) issued and traded outside Mainland China with direct investment in the Mainland China’s securities markets through the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “**China Connect**”), you should note that, amongst others:

- (a) the novelty and untested nature of China Connect make China ETFs riskier than traditional ETFs investing directly in more developed markets. The policy and rules for RQFII and China Connect prescribed by the Mainland China government are new and subject to change, and there may be uncertainty to their implementation. The uncertainty and change of the laws and regulations in Mainland China may adversely impact on the performance of China ETFs and the trading price of the relevant units;
- (b) a China ETF primarily invests in securities traded in the Mainland China’s securities markets and is subject to concentration risk. Investment in the Mainland China’s securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets; and
- (c) investment by a China ETF in the Mainland China’s securities markets under the RQFII regime is currently subject to its manager’s RQFII quota allocated to such China ETF. In addition, trading of securities invested by the China ETF under China Connect will be subject to a daily quota which does not belong to such China ETF and is utilised on a first-come-first-serve basis. In the event that the RQFII quota allocated to such

China ETF and/or the daily quota under China Connect are reached, the manager may need to suspend creation of further units of such China ETF, and therefore may affect liquidity in unit trading of such China ETF. In such event, the trading price of a unit of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. Although the State Administration of Foreign Exchange has announced that the quota restrictions under the RQFII (and Qualified Foreign Institutional Investor) regimes will be removed, the detailed implementation rules and official effective date of the quota removal are not yet available.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products.

Please read the offering documents of the relevant China ETF to understand its key features and risks.

#### *ETF traded through dual counters model*

Where the Underlying Asset comprises the units of an ETF which adopts the dual counters model for trading its units on the Stock Exchange in Renminbi (“RMB”) and Hong Kong dollars (“HKD”) separately, the novelty and relatively untested nature of the Stock Exchange’s dual counters model may bring the following additional risks:

- (a) the Structured Products may be linked to the HKD-traded units or the RMB-traded units. If the Underlying Asset is the HKD-traded units, movements in the trading prices of the RMB-traded units should not directly affect the price of the Structured Products. Similarly, if the Underlying Asset is the RMB-traded units, movements in the trading prices of the HKD-traded units should not directly affect the price of the Structured Products;
- (b) if there is a suspension of inter-counter transfer of such units between the HKD counter and the RMB counter for any reason, such units will only be able to be traded in the relevant currency counter on

the Stock Exchange, which may affect the demand and supply of such units and have an adverse effect on the price of the Structured Products; and

- (c) the trading price on the Stock Exchange of the HKD-traded units and RMB-traded units may deviate significantly due to different factors, such as market liquidity, RMB conversion risk, supply and demand in each counter and the exchange rate between RMB and HKD. Changes in the trading price of the Underlying Asset in HKD or RMB (as the case may be) may adversely affect the price of the Structured Products.

#### *Real estate investment trust (“REIT”)*

Where the Underlying Asset comprises the units of a REIT, you should note that the investment objective of a REIT is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the relative illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the REIT market generally; (g) any



future changes to the regulatory system, including the tax system and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products.

### **Risk Relating to Inline Warrants**

*The Inline Warrants are exotic warrants and are not comparable to the Warrants*

The Inline Warrants are exotic warrants with different terms and risk and return profile compared to standard call or put Warrants listed on the Stock Exchange and are not comparable to the Warrants. The Inline Warrants carry exotic features and their terms and pricing may be more complicated than the Warrants. The Inline Warrants may behave quite differently from the Warrants and other exotic warrants in its response to the price levels/levels or movements in the price/level of the Underlying Asset. The pricing structure of the Inline Warrants requires investors to assess accurately the value of the Inline Warrants in relation to the expected probability of the Average Price/Closing Level falling within the range between the Upper Strike Price/Upper Strike Level and the Lower Strike Price/Lower Strike Level (both inclusive). The Inline Warrants are highly complicated and risky financial instruments and may be difficult for investors to properly value and/or to use as a hedging tool. You should carefully review and understand the Conditions, including the exotic features, before deciding to invest in the Inline Warrants. In particular, you should note that the Inline Warrants provide a pre-fixed potential payoff at either **a capped amount or a floor amount** at expiry. If the Average Price/Closing Level falls outside the range between the Lower Strike Price/Lower Strike Level and the Upper Strike Price/Upper Strike Level (both inclusive), you will receive a lower fixed and floor amount equal to the Minimum Payoff Amount per Inline Warrant (which may be substantially less than your initial investment) at expiry and may suffer loss in your investment. You will still receive the Minimum Payoff Amount per Inline Warrant in this scenario because such amount is included in the price you pay for buying the Inline Warrants.

Do not invest in the Inline Warrants unless you fully understand them and are willing to assume the risks associated with them.

*Maximum potential payoff is fixed and capped*

If the Average Price/Closing Level stays within the range between the Lower Strike Price/Lower Strike Level and the Upper Strike Price/Upper Strike Level (both inclusive), we will only pay you a fixed and capped amount equal to the Maximum Payoff Amount per Inline Warrant at expiry. This is the maximum potential payoff under the Inline Warrants.

*Non-recognition of trades executed at the price above HK\$1*

You should note that any trades of Inline Warrants which are executed at the price above HK\$1 will be cancelled and will not be recognised by the Stock Exchange. The Stock Exchange and its recognised exchange controller, HKEX, will not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with such non-recognition of trades, including without limitation, any delay, failure, mistake or error in such non-recognition of trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of such non-recognition of trades in any circumstances.

*Prohibition on the sale of certain binary options in European retail markets*

There have been regulatory concerns over the sale of certain binary options to retail investors across the European Union in recent years. Such binary options are typically traded over-the-counter with bespoke structures and are very short-term, making them extremely speculative in nature. Until recently, the European Securities

and Markets Authority (“ESMA”) implemented a temporary ban on the marketing, distribution or sale of binary options to retail customers in the European Union except for securitised binary options. The temporary ban expired and was lifted by ESMA on 1 July 2019 based on the fact that most national competent authorities within the European Union had taken permanent national product intervention measures relating to binary options that are at least as stringent as ESMA’s measure. For example, the Financial Conduct Authority (“FCA”) in the United Kingdom (a then European Union member) imposed a permanent ban effective from 2 April 2019 on the marketing, distribution or sale of all binary options (including securitised binary options) to retail customers in the United Kingdom while the Federal Financial Supervisory Authority (“BaFin”) in Germany and the Autorite des Marches Financiers (“AMF”) of France had also permanently banned the marketing, distribution or sale of binary options (other than securitised binary options) to retail customers.

The Inline Warrants are a form of securitised binary options. Unlike the binary options in the European retail markets as described above, the Inline Warrants listed on the Stock Exchange have a more standardised structure and relatively longer period to expiry (with a minimum duration of 6 months before expiry).

Irrespective of the differences between the Inline Warrants listed on the Stock Exchange and the binary options in Europe, you should nevertheless note the approach taken by the European regulators over binary options. The Inline Warrants are complex products. You should fully understand the structure and terms and conditions of the Inline Warrants and are willing to assume the risks associated with them before investing in the Inline Warrants.

### **Risk Relating to CBBCs**

#### *Correlation between the price of a CBBC and the price/level of the Underlying Asset*

When the Underlying Asset of a CBBC is trading at a price/level close to its Call Price/Call Level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such

time may be incomparable and disproportionate with the change in the price/level of the Underlying Asset.

#### *Payout under CBBCs*

It is expected that the value of each entitlement of CBBCs tends to mirror the value of the Underlying Asset. However, you are warned that the price of CBBCs will be determined not only by the trading value of the Underlying Asset but also by the impact of financing costs and/or dividends during the period in which the CBBCs are held by you. In particular, when the value of the Underlying Asset is close to the Call Price/Call Level, the price of the CBBCs will be more volatile.

#### *Mandatory Call Event is irrevocable*

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Price/Call Level and other parameters); or
- (b) manifest errors caused by the relevant third party price source (such as miscalculation of the index level by the relevant index compiler),

and in each case, we agree with the Stock Exchange that such Mandatory Call Event is to be revoked within such time as specified in the relevant launch announcement and supplemental listing document following the trading day on which the Mandatory Call Event is triggered. Upon revocation of the Mandatory Call Event, trading of the CBBCs will resume and any trade cancelled after such Mandatory Call Event will be reinstated.

#### *Non-recognition of Post MCE Trades*

The Stock Exchange and its recognised exchange controller, HKEX, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence)), or any other legal or equitable grounds and, without regard to the circumstances giving rise to any purported

claim (except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including, without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

The BNP Group shall not have any responsibility towards you for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades, in connection with the occurrence of a Mandatory Call Event, the resumption of trading of the CBBCs or reinstatement of any Post MCE Trades cancelled as a result of the reversal of any Mandatory Call Event, notwithstanding that such Trading Suspension and/or Non-Recognition of Post MCE Trades occur as a result of an error in the observation of the event.

*Residual Value may not include residual funding cost*

For Category R CBBCs, the Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event may or may not include the residual funding cost for the CBBCs. You may not receive any residual funding cost back from us upon early termination of a Category R CBBC upon a Mandatory Call Event.

*Delay in announcements of a Mandatory Call Event*

The Stock Exchange will notify the market as soon as practicable after the CBBC has been called upon the occurrence of a Mandatory Call Event. You must however be aware that there may be delay in the announcement of a Mandatory Call Event due to technical errors or system failures and other factors that are beyond our control or the control of the Stock Exchange.

*Our hedging activities may adversely affect the price/level of the Underlying Asset*

Any member of the BNP Group may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the Underlying Asset (whether for risk reduction purposes or otherwise). In addition, in connection with the offering of any CBBCs, we and/or any member of the BNP Group may enter into one or more hedging transactions with respect to the Underlying Asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any member of the BNP Group may enter into transactions in the Underlying Asset which may affect the market price, liquidity or price/level of the Underlying Asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. The BNP Group is likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the Underlying Asset or in derivatives linked to the Underlying Asset. Further, it is possible that the advisory services which the BNP Group provides in the ordinary course of our business could lead to an adverse impact on the value of the Underlying Asset.

*Unwinding of hedging arrangements*

The trading and/or hedging activities of the BNP Group related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price/level of the Underlying Asset and may trigger a Mandatory Call Event. In particular, when the Underlying Asset is trading close to the Call Price/Call Level, our unwinding activities may cause a fall or rise (as the case may be) in the trading price/level of the Underlying Asset, leading to a Mandatory Call Event.

In respect of Category N CBBCs, the BNP Group may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event.

In respect of Category R CBBCs, before the occurrence of a Mandatory Call Event, the BNP Group may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a Mandatory Call Event, the BNP Group may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the trading price/level of the Underlying Asset and consequently the Residual Value of the CBBCs.

#### *Adjustment related risk*

We will make such adjustments as we consider appropriate as a consequence of certain corporate actions or index adjustment events affecting the Underlying Asset. Please refer to the subsection “Adjustment related risk” under the section “Risks in relation to the Underlying Asset”.

In addition, for Single Equity CBBCs and Single Unit Trust CBBCs, if the Underlying Asset ceases to be listed on the Stock Exchange during the term of the CBBCs, we may make adjustments and amendments to the rights attaching to the CBBCs pursuant to Condition 6 of the Product Conditions of the relevant CBBCs set out in Part A and Part C of Appendix 4. Such adjustments and amendments will be conclusive and binding on you.

#### **Risk relating to the legal form of the Structured Products**

Each Structured Product will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of Central Clearing and Settlement System (“CCASS”). A risk of investing in a security that is issued in global registered form and held on your behalf within a clearing system effectively means that evidence of your title, as well as the efficiency of ultimate delivery of the Cash Settlement Amount, will be subject to the General Rules of CCASS and CCASS Operational Procedures (“CCASS Rules”). You should be aware of the following risks:

- (a) you will not receive definitive certificates where the Structured Products remain in the name of HKSCC Nominees Limited for the entire life of the Structured Products;
- (b) any register that is maintained by us or on our behalf, whilst available for inspection by you, will not be capable of registering any interests other than that of the legal title owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;
- (c) you will have to rely solely upon your brokers/ custodians and the statements you receive from such party as evidence of your interest in the investment;
- (d) notices or announcements will be published on the HKEX’s website and/or released by HKSCC to its participants via CCASS in accordance with the CCASS Rules. You will need to check the HKEX’s website regularly and/or rely on your brokers/custodians to obtain such notices/announcements; and
- (e) following the Expiry Date and the determination by us as to the Cash Settlement Amount, our obligations to you will be duly performed by payment of the Cash Settlement Amount (net of any Exercise Expenses) to HKSCC Nominees Limited as the “holder” of the Structured Products. HKSCC or HKSCC Nominees Limited will then distribute the received Cash Settlement Amount (net of any Exercise Expenses) to the respective CCASS participants in accordance with the CCASS Rules.

#### **Potential fee arrangements with brokers and potential conflicts of interest of brokers**

To the extent permissible by the applicable laws, regulations, codes and guidelines and/or recommendations (whether imposed by applicable law or by competent regulatory authorities) in effect from time to time, we may or may not enter into fee arrangements with brokers with respect to the Structured Products or dealings in, or related to, the relevant Underlying Asset. You should note that brokers with whom

we have a fee arrangement (if any) do not, and cannot be expected to, deal exclusively in, or related to, the Structured Products or any relevant Underlying Asset and may from time to time engage in other dealings for their own accounts and/or for the accounts of their clients. Potential conflicts of interests may arise from the different roles played by such brokers in connection with their dealings in, or related to, the Structured Products, the relevant Underlying Asset and/or other financial products (including those issued by other institutions over the same relevant Underlying Asset). A broker's interests (economic or otherwise) in each role may potentially affect the Structured Products and/or the relevant Underlying Asset in a manner that may cause adverse consequences to you if you invest in the Structured Products.

#### **Effect of the combination of risk factors unpredictable**

Two or more risk factors may simultaneously have an effect on the value of a series of Structured Products such that the effect of any individual risk factor may not be predictable. No assurance can be given as to the effect any combination of risk factors may have on the value of a series of Structured Products.

#### **Risks relating to the BRRD**

*Regulatory action(s) by the relevant resolution authorities in the event that the Guarantor is failing or likely to fail could materially affect the value of the Structured Products, and you may not be able to recover all or even part of the amount due by the Issuer under the Structured Products (if any)*

The Guarantor is a bank incorporated in France and is subject to French legislation for implementing the BRRD. The BRRD, as amended from time to time, provides for the establishment of an EU framework for the recovery and resolution of credit institutions and investment firms falling under the scope of the BRRD. The BRRD requires the governments of all EU Member States to provide their relevant resolution authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of that institution's critical financial

and economic functions, while minimising the impact of that institution's failure on the broader economy and financial system.

Under French legislation implementing the BRRD, substantial powers are granted to the ACPR and/or other relevant resolution authorities in the EU, to implement resolution measures in respect of a relevant entity (including, for example, the Guarantor) to protect and enhance the stability of the financial system of France if the relevant resolution authorities consider the failure of the relevant entity has become likely and certain other conditions are satisfied.

These powers include share transfer powers, property transfer powers (including powers for the partial transfer of property, rights and liabilities), and resolution instrument powers (including powers to make special bail-in provisions) over the relevant affected financial institution(s). In connection with the exercise of these powers under the BRRD, the relevant resolution authorities may take various actions in relation to certain liabilities of the Guarantor (including the Guarantee granted by the Guarantor over the Issuer's liabilities due under the Structured Products if such authorities consider amounts due under any such guarantee to fall within the scope of the Bail-In Power) without your consent, including (if applicable, among other things):

- (a) transferring the Guarantee to another person (such as parent undertaking or a bridge institution) notwithstanding any restrictions on transfer under the terms of the Guarantee;
- (b) the reduction of all, or a portion, of the amounts payable by the Guarantor under the terms of the Guarantee (including a reduction to zero);
- (c) the conversion of all, or a portion, of the amounts due under the Guarantee into shares or other securities or other obligations of the Guarantor or of another person, including by means of an amendment, modification or variation of the terms of the Guarantee, in which case you agree to accept in lieu of your contractual

rights under the terms of the Guarantee any such shares, other securities or other obligations of the Guarantor or another person;

- (d) the cancellation of the Guarantee;
- (e) the amendment or alteration of the maturity of the Guarantee or amendment of the amount of interest payable on the Guarantee, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and/or
- (f) if applicable, the variation of the terms of the Guarantee, if necessary to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

The exercise of any resolution power or any suggestion of such exercise under the BRRD over the Guarantor could adversely affect the value of the Structured Products, and you may not be able to recover all or even part of the amount due under the Structured Products (if any). **You may therefore lose all or a substantial part of your investment in the Structured Products.**

In addition, the resolution powers could be exercised (i) prior to the commencement of any insolvency proceedings in respect of the Guarantor, and (ii) by the relevant resolution authorities without your consent or any prior notice to you. It is also uncertain how the relevant resolution authorities would assess triggering conditions in different pre-insolvency scenarios affecting the Guarantor under the BRRD. Accordingly, you may not be able to anticipate a potential exercise of any such resolution powers over the Guarantor and/or the Guarantee.

*By investing in the Structured Products, you acknowledge, accept, consent and agree to be bound by the exercise of any Bail-In Power by the relevant resolution authorities*

By investing in the Structured Products, you acknowledge, accept, consent and agree to be contractually bound by the exercise of any Bail-In Power by the relevant resolution authorities over the Guarantor. You further acknowledge, accept, consent and agree that your

rights under the Guarantee are contractually subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-In Power by the relevant resolution authorities over the Guarantor. Accordingly, if any Bail-In Power is exercised over the Guarantor, you may not be able to recover all or even part of the amount due under the Structured Products (if any), or you may receive a different security issued by the Guarantor (or another person) in place of the amount due to you under the Structured Products (if any), which may be worth significantly less than the amount due to you under the Structured Products (if any). Moreover, the relevant resolution authorities may exercise the Bail-In Power without providing any advance notice to, or requiring your further consent. Please refer to the section headed “Text of the Guarantee of BNP Paribas” in this document for further details, in particular clause 6 of the Guarantee with respect to the Bail-In Power.

#### **Financial Institutions (Resolution) Ordinance**

The Financial Institutions (Resolution) Ordinance (Cap. 628, the Laws of Hong Kong) (the “**FIRO**”) was enacted by the Legislative Council of Hong Kong in June 2016. The FIRO (except Part 8, section 192 and Division 10 of Part 15 thereof) came into operation on 7 July 2017.

The FIRO provides a regime for the orderly resolution of financial institutions with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including the continued performance of critical financial functions. The FIRO seeks to provide the relevant resolution authorities with a range of powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, it is envisaged that subject to certain safeguards, the relevant resolution authority would be provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution, including but not limited to powers to write off, or convert into equity, all or a part of the liabilities of the failing financial institution.

The Issuer is not subject to and bound by the FIRO. However, the Guarantor, as an authorised institution regulated by the Hong Kong Monetary Authority, is subject to and bound by the FIRO. The exercise of any resolution power by the relevant resolution authority under the FIRO in respect of the Guarantor may have a material adverse effect on the value of the Structured Products, and as a result, you may not be able to recover all or any amount due under the Structured Products.

## TAXATION

*The following section is of a general nature and is not intended to provide guidance to you. This section relates to you if you are the absolute beneficial owner of the Structured Products and may not apply equally to you. If you are in any doubt as to your tax position on purchase, ownership, transfer, holding or exercise of any Structured Product, you are strongly advised to consult your own tax advisers.*

### General

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Structured Product.

### Taxation in Hong Kong

The following paragraph, which is intended as a general guide only, is based on current law and practice in Hong Kong. It summarises certain aspects of taxation in Hong Kong which may be applicable to the Structured Products but is not purported to be a comprehensive description of all tax considerations which may be of relevance.

#### *Profits Tax*

No tax is payable in Hong Kong by withholding or otherwise in respect of:

- (a) dividends of any company;
- (b) distributions of any trust authorised as a collective investment scheme by the SFC under section 104 of the Securities and Futures Ordinance (Cap 571, The Laws of Hong Kong) or otherwise approved by the SFC; or
- (c) any capital gains arising on the sale of the underlying shares or Structured Products, except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

#### *Stamp Duty*

You do not need to pay any stamp duty in respect of purely cash settled Structured Products.

### Taxation in the Netherlands

The following paragraph, which is intended as a general guide only, is based on current law and practice in the Netherlands. It summarises certain aspects of taxation in the Netherlands which may be applicable to the Structured Products but is not purported to be a comprehensive description of all tax considerations which may be of relevance.

#### *Registration, Stamp, Transfer or Turnover Taxes*

No Dutch registration, stamp, transfer or turnover taxes or other similar duties or taxes should be due in the Netherlands in direct connection with the offering and issue of the Structured Products by us or in respect of the signing and delivery of this document and/or the relevant launch announcement and supplemental listing document.

#### *Withholding Tax*

No Netherlands withholding tax should be due on payments of principal and/or interest.

#### *Income Tax or Capital Gain Tax*

You will not be subject to Netherlands taxes on income or capital gains in direct connection with the acquisition or holding of debt or any payment under the Structured Products or in respect of any gain realised on the disposal or redemption of the Structured Products, provided that:

- (a) you are neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
- (b) you do not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative



in the Netherlands and to which permanent establishment or permanent representative the Structured Products are attributable; and

(c) if you are a legal person, an open limited partnership (“open commanditaire vennootschap”), another company with a capital divided into shares or a special purpose fund (“doelvermogen”):

(i) you do not have a substantial interest\* in our share capital, or in the event that you do have such an interest, such interest forms part of the assets of an enterprise; and

(ii) you do not have a deemed Netherlands enterprise to which enterprise the Structured Products are attributable, including but not limited to, activities such as serving as a management or supervisory board member of a Dutch resident company;

or

(d) if you are a natural person:

(i) you do not derive income and/or capital gains from activities in the Netherlands other than business income (as described under (b) above), to which activities the Structured Products are attributable; and

(ii) you or a person related to you by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands do not have, or are not deemed to have, a substantial interest\* in our share capital.

### *Inheritance Tax*

No gift, estate or inheritance tax will arise in the Netherlands on the transfer by way of gift or inheritance of the Structured Products if the donor or the deceased at the time of the gift or the death is neither a resident nor a deemed resident of the Netherlands, unless:

(a) at the time of the gift or death, the Structured Products are attributable to an enterprise or part of an enterprise that is carried out through a permanent establishment or a permanent representative in the Netherlands; or

(b) the donor of the Structured Products dies within 180 days of making the gift, and is a Dutch resident or deemed resident on the date of death.

Furthermore, in relation to the implications in respect of registration, stamp, transfer or turnover taxes, withholding tax, income tax or capital gain tax and inheritance tax in the Netherlands summarised above, it is assumed that:

(a) neither the remuneration, nor the indebtedness of the remuneration, on the Structured Products is, in whole or in part, legally or actually, contingent upon the profits or the distribution of profits by us or any of our affiliated companies; and

(b) the Structured Products will be treated as our debt obligations and cannot, partly or wholly, be reclassified as equity nor actually function as equity for Dutch tax purposes as referred to in Section 10(1)(d) of the Dutch Corporate Income Tax Act (Wet op de vennootschapsbelasting 1969).

## *Exchange of Information*

If we pay interest directly to, or secure our payment for the immediate benefit of, a holder of Structured Products that is (i) an individual, (ii) a resident of another EU Member State or designated jurisdiction and (iii) the beneficial owner of that interest, we must verify the holder of the Structured Products' identity and place of residence and provide information regarding that holders and the interest payments concerned to the Dutch tax authorities. This obligation does not apply if the interest is paid to, or secured for the benefit of, a holder of the Structured Products via a bank or other paying agent as defined in Dutch tax law. In that case similar or other obligations may apply with respect to the bank or the other paying agent.

\* An interest in our share capital should not be considered as a substantial interest if you, and if you are a natural person, your spouse, registered partner, certain other relatives or certain persons sharing your household, do not own or hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of our total issued and outstanding capital or our issued and outstanding capital of any class of shares.

## **Taxation in the United States of America**

### *Foreign Account Tax Compliance Act*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuer (a “**Recalcitrant Holder**”). The Issuer may be classified as an FFI.

The new withholding regime started being phased in beginning 1 July 2014 for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than two years after the date of publication in the Federal Register of final U.S. Treasury regulations defining such term. This withholding would potentially apply to payments in respect of (i) any Structured Products characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the “**grandfathering date**”, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Structured Products characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Structured Products are issued before the grandfathering date, and additional Structured Products of the same series are issued on or after that date, the additional Structured Products may not be treated as grandfathered, which may have negative consequences for the existing Structured Products, including a negative impact on market price.

The United States and a number of other jurisdictions have negotiated intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and

The Netherlands have entered into an agreement (the “US-Netherlands IGA”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Netherlands IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. If the Issuer becomes a Participating FFI, the Issuer and financial institutions through which payments on the Structured Products are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Structured Products is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Structured Products are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Structured Products by the Issuer, the Guarantor or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Structured Products.

**FATCA is particularly complex. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Structured Products.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## PLACING AND SALE

### General

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to the Structured Products in any jurisdiction (other than in Hong Kong) where action for that purpose is required.

No offers, sales or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on us or the Guarantor. In the event that we contemplate a placing, placing fees may be payable in connection with any issue and we may, at our discretion, allow discounts to placees.

### United States of America

Each series of Structured Products has not been, and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Structured Products has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. We have not been registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended.

The Structured Products may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Structured Products. Offers, sales, trading or delivery of the Structured Products in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of United States laws governing securities and commodities trading.

We will not offer, sell or deliver any Structured Products within the United States or to, or for the account or benefit of, U.S. persons, and all dealers participating in the distribution of the Structured Products will not be permitted by us to offer, sell, deliver or trade, at any time, directly or indirectly, any Structured Products in the United States or to, or for the account or benefit of, any U.S. person.

Each purchaser of Structured Products will be deemed by its acceptance of the Structured Products to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is purchasing the Structured Products, that it has not and will not purchase, offer, sell, deliver or trade, at any time, directly or indirectly, any Structured Products in the United States or to, or for the account or benefit of, any U.S. person.

Each purchaser acknowledges that we and the dealers will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations or warranties deemed to have been made by such purchaser by its purchase of Structured Products are no longer accurate, it shall promptly notify us and the relevant dealer. If acquiring Structured Products as a fiduciary or agent for one or more investor accounts, each purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Terms used herein, including, “**United States**” and “**U.S. person**”, have the meanings given to them by Regulation S under the Securities Act.

### European Economic Area and the United Kingdom

Each dealer represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Structured Products which are the subject of the offering as contemplated by this base listing

document to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - ii. a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - iii. not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Structured Products to be offered so as to enable an investor to decide to purchase or subscribe the Structured Products.

In respect of the United Kingdom, each dealer has further represented and agreed that:

- (a) in respect to Structured Products having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Structured Products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as

principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Structured Products would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the “**FSMA**”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Structured Products in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Structured Products in, from or otherwise involving the United Kingdom.

## TEXT OF THE GUARANTEE OF BNP PARIBAS

Our obligations under the Structured Products are guaranteed by the Guarantor under the Guarantee executed by the Guarantor by way of deed poll and dated as of 3 April 2020. The text of the Guarantee is set out below.

“THIS GUARANTEE is made by way of deed poll by BNP Paribas (the “**Guarantor**”) in favour of the holders for the time being of the Structured Products (as defined below) (each a “**Holder**”) and dated as of 3 April 2020. WHEREAS: –

- (A) The Guarantor has agreed to guarantee all obligations of BNP Paribas Issuance B.V. (the “**Issuer**”) under any structured products (including, without limitation, standard warrants, inline warrants, callable bull/bear contracts or other types of structured products) (together, the “**Structured Products**”) pursuant to a base listing document dated 3 April 2020 (“**Base Listing Document**”, which expression shall include any amendment and/or supplement thereto and any replacement or further issue of any base listing document issued by the Issuer from time to time in respect of Structured Products (and whether or not issued pursuant to any condition imposed by the Securities and Futures Commission pursuant to the Securities and Futures Ordinance or by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Rules Governing the Listing of Securities on the Stock Exchange)) and listed on the Stock Exchange.
- (B) Terms defined in the Conditions of the Structured Products shall have the same meanings in this Deed of Guarantee except where the context requires otherwise. References to “Conditions” are to the terms and conditions set out in the Base Listing Document.

NOW THIS DEED WITNESSES as follows:

- 1 **Guarantee:** The Guarantor unconditionally and irrevocably guarantees by way of deed poll to each Holder that, if for any reason the Issuer does not pay any sum payable by it or perform any other obligation in respect of any Structured Product on the date specified for such payment or performance the Guarantor will, in accordance with the Conditions pay that sum in the currency in which such payment is due in immediately available funds or, as the case may be, perform or procure the performance of the relevant obligation on the due date for such performance. In case of the failure of the Issuer to satisfy such obligations as and when the same become due, the Guarantor hereby undertakes to make or cause to be made such payment or satisfy or cause to be satisfied such obligations as though the Guarantor were the principal obligor in respect of such obligation.

Any such payment in accordance with this Clause 1 shall constitute a complete discharge of the Guarantor’s obligations in respect of such Structured Products.

- 2 **Guarantor as Principal Obligor:** As between the Guarantor and the holder of each Structured Product but without affecting the Issuer’s obligations, the Guarantor will be liable under this Guarantee as if it were the sole principal obligor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal obligor (including (1) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (2) any amendment to any of the Conditions or to any security or other guarantee or indemnity, (3) the making or absence of any demand on the Issuer or any other person for payment or performance of any other obligation in respect of any Structured Product, (4) the enforcement or absence of enforcement of any Structured Product or of any security or other guarantee or indemnity, (5) the release of

any such security, guarantee or indemnity, (6) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person, or (7) the illegality, invalidity or unenforceability of or any defect in any provision of the Conditions or any of the Issuer's obligations under any of them).

- 3 **Guarantor's Obligations Continuing:** The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable and no other obligation remains to be performed under any Structured Product (in each case subject to its exercise). Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise. The Guarantor irrevocably waives all notices and demands of any kind.
- 4 **Discharge by the Issuer:** If any payment received by, or other obligation discharged to or to the order of, the holder of any Structured Product is, on the subsequent bankruptcy or insolvency of the Issuer, avoided under any laws relating to bankruptcy or insolvency, such payment or obligation will not be considered as having discharged or diminished the liability of the Guarantor and this Guarantee will continue to apply as if such payment or obligation had at all times remained owing due by the Issuer.
- 5 **Indemnity:** As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees (1) that any sum or obligation which, although expressed to be payable under the Structured Products, is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor or the holder of any Structured Product) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal obligor and will be paid or performed by it in favour of the holder of any Structured Product and (2) as a primary obligation to indemnify each Holder against any loss suffered by it as a result of any sum or obligation expressed to be payable under the Structured Products not being paid or performed by the time, on the date and otherwise in the manner specified in the Structured Products or any obligation of the Issuer under the Structured Products being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not known or becoming known to the Issuer, the Guarantor or any Holder), in the case of a payment obligation the amount of that loss being the amount expressed to be payable by the Issuer in respect of the relevant sum, PROVIDED THAT the proviso to Clause 2 of this Guarantee shall apply mutatis mutandis to this Clause 5.
- 6 **Resolution proceeding against the Guarantor:** Each Holder acknowledges, accepts, consents and agrees by its acquisition of the Structured Products:
  - (a) to be bound by the effect of the exercise of the Bail-In Power by the relevant resolution authority if the latter were to consider that the amounts due under this Guarantee fall within the scope of the Bail-In Power. This Bail-In Power may include and result in any of the following, or some combination thereof:
    - (i) the reduction of all, or a portion, of the amounts due under this Guarantee;
    - (ii) the conversion of all, or a portion, of the amounts due under this Guarantee into shares, other securities or other obligations of the Guarantor or another person, including by means of an amendment, modification or variation of the terms of this Guarantee, in which case the Holder agrees to accept in lieu of its rights under this Guarantee any such shares, other securities or other obligations of the Guarantor or another person;

- (iii) the cancellation of this Guarantee;
  - (iv) the amendment or alteration of the maturity of this Guarantee or amendment of the amount of interest payable on this Guarantee, or the date on which the interest becomes payable, including by suspending payment for a temporary period;
- (b) if applicable, that the terms of this Guarantee are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

For these purposes, the “**Bail-In Power**” is any resolution power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in France, whether relating to (i) the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (**BRRD**) as amended from time to time and as implemented under French law inter alia by the banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) and by the Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance no 2015-1024 du 20 août 2015 portant diverses dispositions d’adaptation de la législation au droit de l’Union européenne en matière financière*) (*the Ordinance*) published in the Official Journal on 21 August 2015, (ii) the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (“**SRM**”), or (iii) otherwise arising under French law, and the instruments, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Guarantor can be reduced (in part or in whole), cancelled, modified or converted into shares, other securities, or other obligations of such regulated entity or any other person.

A reference to the “**relevant resolution authority**” is to the Autorité de contrôle prudentiel et de résolution (**ACPR**) and/or any other authority entitled to exercise or participate in the exercise of any Bail-In Power against the Guarantor from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the SRM).

The matters set forth in this Clause 6 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Guarantor and any holder of a Structured Product.

- 7 **Incorporation of Terms:** The Guarantor agrees that it shall comply with and be bound by those provisions contained in the Conditions which relate to it.
- 8 **Deposit of Guarantee:** This Guarantee shall be deposited with and held by the Sponsor for the benefit of the Holders. If BNP Paribas Securities (Asia) Limited ceases to be the Sponsor its successor shall hold this Guarantee.
- 9 **Representations:** The Guarantor represents and warrants to each Holder that it has the full power and authority, and has taken all necessary steps, to execute and deliver this Guarantee and to perform its obligations hereunder and this Guarantee constitutes the valid and binding obligations of the Guarantor and is enforceable in accordance with its terms.
- 10 **Governing law:** This Guarantee shall be governed by and construed in accordance with the laws of Hong Kong.



- 11 **Jurisdiction:** The courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and accordingly any legal action or proceedings arising out of or in connection with this Guarantee (“**Proceedings**”) may be brought in such courts. The Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- 12 **Service of Process:** The Guarantor agrees that service of process in Hong Kong may be made on it at its Hong Kong branch. Nothing in this Guarantee shall affect the right to serve process in any other manner permitted by law.

IN WITNESS whereof this Guarantee has been executed by the Guarantor as a deed poll and delivered on the date specified below.

Dated as of 3 April 2020”

## APPENDIX 1 – GENERAL CONDITIONS OF STRUCTURED PRODUCTS

*These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the applicable Product Conditions and the Launch Announcement and Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions and the applicable Product Conditions (as supplemented, amended, modified and/or replaced by the relevant Launch Announcement and Supplemental Listing Document) together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Structured Products may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these General Conditions and the applicable Product Conditions, replace or modify the General Conditions and/or the applicable Product Conditions for the purpose of such series of Structured Products.*

### 1. Definitions

“**Base Listing Document**” means the base listing document relating to Structured Products dated 3 April 2020 and issued by the Issuer, including any addenda to such base listing document issued from time to time;

“**Board Lot**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**CCASS**” means the Central Clearing and Settlement System established and operated by HKSCC;

“**CCASS Rules**” means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

“**Conditions**” means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

“**Expiry Date**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means these general terms and conditions;

“**Global Certificate**” means, in respect of the relevant Structured Products, a global certificate registered in the name of the Nominee;

“**Guarantee**” means a deed poll guarantee dated as of 3 April 2020 made by the Guarantor;

“**Guarantor**” means BNP Paribas;

“**HKSCC**” means Hong Kong Securities and Clearing Company Limited;

“**Holder**” means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as the holder of the Structured Products, and who shall be treated by the Issuer, the Guarantor and the Sponsor as the absolute owner and holder of the relevant Structured Products. The expression “**Holders**” shall be construed accordingly;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Instrument**” means an instrument by way of deed poll dated 3 May 2006 executed by the Issuer which constitutes the Structured Products;

“**Issuer**” means BNP Paribas Issuance B.V.;

“**Launch Announcement and Supplemental Listing Document**” means the launch announcement and supplemental listing document relating to a particular series of Structured Products;

“**Nominee**” means HKSCC Nominees Limited (or such other nominee company as may be used by the HKSCC from time to time) in relation to the provision of nominee services to persons admitted for the time being by the HKSCC as a participant of CCASS;

“**Product Conditions**” means the product conditions relating to a particular series of Structured Products;

“**Register**” means, in respect of each series of Structured Products, the register of holders of such series of Structured Products kept by the Issuer outside of Hong Kong pursuant to General Condition 3.3;

“**Sponsor**” means BNP Paribas Securities (Asia) Limited;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited; and

“**Structured Products**” means standard warrants (“**Warrants**”), inline warrants (“**Inline Warrants**”), callable bull/bear contracts (“**CBBCs**”) or such other structured products to be issued by the Issuer from time to time. References to “**Structured Product**” are to be construed as references to a particular series of Structured Products.

Other capitalised terms will, unless otherwise defined, have the meanings given to them in the Base Listing Document, the applicable Product Conditions, the relevant Launch Announcement and Supplemental Listing Document and/or the Global Certificate.

## **2. Form, Status, Transfer and Trading**

### **2.1 Form**

The Structured Products (which expression shall, unless the context otherwise requires, include any further structured products issued pursuant to General Condition 9) are issued in registered form subject to and with the benefit of the Instrument and the Guarantee. Copies of the Instrument and the Guarantee are available for inspection at the specified offices of the Sponsor. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Instrument.

### **2.2 Status of the Issuer’s obligations**

The settlement obligations of the Issuer in respect of the Structured Products represent general unsecured contractual obligations of the Issuer and of no other person and rank, and will rank, *pari passu* among themselves and with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law. The obligations of the Guarantor under the Guarantee represent general unsecured contractual obligations of the Guarantor and of no other person and rank, and will rank, *pari passu* with all other present and future unsecured and unsubordinated contractual obligations of the Guarantor, except for obligations accorded preference by mandatory provisions of applicable law.

### **2.3 Transfer and Trading of Structured Products**

Transfers of Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

Trading in Structured Products on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

### **3. Sponsor and Register**

- 3.1 The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Holder.
- 3.2 The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Structured Products are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Holders in accordance with General Condition 7.
- 3.3 The Register will be maintained outside Hong Kong by the Issuer and the Issuer will enter or cause to be entered the name, address and banking details of the Holders, the details of the Structured Products held by each Holder, including the number of Structured Products of each series held and any other particulars which it thinks proper.

### **4. Purchases**

The Issuer, the Guarantor and/or any of their respective affiliates may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held, resold or surrendered for cancellation.

### **5. Global Certificate**

The Structured Products will be represented by a Global Certificate. No definitive certificate will be issued. The Structured Products can only be exercised by the Nominee. The Global Certificate representing the relevant Structured Products will be deposited with CCASS in the name of the Nominee. The Global Certificate must be executed manually on behalf of the Issuer by its authorised person(s) or attorney(s).

### **6. Meetings of Holders and Modification**

#### **6.1 Meetings of Holders**

The Instrument contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Structured Products or of the Instrument.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. A meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

## **6.2 Modification**

The Issuer may, without the consent of the Holders, effect any modification of the terms and conditions of the Structured Products or the Instrument which, in the opinion of the Issuer, is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holders and shall be notified to them by the Issuer or the Sponsor (as the case may be) as soon as practicable thereafter in accordance with General Condition 7.

## **7. Notices**

All notices to the Holders will be validly given if published in English and in Chinese on the website of Hong Kong Exchanges and Clearing Limited. Such notices shall be deemed to have been given on the date of the first such publication. If such publication is not practicable, notice will be given in such other manner as the Issuer may determine appropriate.

## **8. Adjustment to the Conditions**

### **8.1 Other Adjustments**

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Structured Products as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

## **8.2 Notice of Adjustments**

All determinations made by the Issuer in respect of any adjustment to the Conditions will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## **9. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further structured products so as to form a single series with the Structured Products.

## **10. Taxation**

The Issuer is not liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Structured Products.

## **11. Good Faith and Commercially Reasonable Manner**

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

## **12. Contracts (Rights of Third Parties) Ordinance**

A person who is not a party to the Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of the Structured Products.

## **13. Governing Law**

The Structured Products, the Global Certificate, the Guarantee and the Instrument will be governed by and construed in accordance with the laws of Hong Kong. The Issuer, the Guarantor and each Holder (by its purchase of the Structured Products) shall be deemed to have submitted for all purposes in connection with the Structured Products, the Global Certificates, the Guarantee and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

## **14. Language**

In the event of any inconsistency between (a) the Chinese translation of these General Conditions and/or the applicable Product Conditions and (b) the English version of these General Conditions and/or the applicable Product Conditions, the English version of these General Conditions and/or the applicable Product Conditions shall prevail.

## **15. Prescription**

Claims against the Issuer for payment of any amount in respect of a series of Structured Product will become void unless made within ten years of the MCE Valuation Date or the Expiry Date (as the case may be) applicable to that series and thereafter, any sums payable in respect of such Structured Product shall be forfeited and shall revert to the Issuer.

### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

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## APPENDIX 2 – PRODUCT CONDITIONS OF WARRANTS

*The following pages set out the Product Conditions in respect of different types of Warrants.*

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## PART A – PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing price of one Share, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as follows:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Number of Warrant(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Share**” means the share of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document and “**Shares**” shall be construed accordingly; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date

is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### ***2.1 Warrant Rights***

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### ***2.2 Exercise Expenses***

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### ***(a) Exercise of Warrants in Board Lots***

Warrants may only be exercised in Board Lots or integral multiples thereof.

### ***(b) Automatic Exercise***

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

(c) *Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments

### 4.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

- R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights
- M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### **4.2 Bonus Issues**

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### **4.3 Share Splits or Consolidations**

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

### **4.4 Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### **4.5 Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: Existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Share on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Share

OD: The Ordinary Dividend per Share, provided that the date on which the Shares are traded on an ex-Ordinary Dividend basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Shares are traded on an ex-Ordinary Dividend basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

## **5. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## **6. Delisting**

### ***6.1 Adjustments following delisting***

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

## **6.2 Listing on another exchange**

Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## **7. Illegality or Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### **Sponsor**

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## PART B – PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE UNIT TRUST

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing price of one Unit, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as follows:

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**Exercise Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Number of Warrant(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of (i) the Expiry Date and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Trust**” means the trust specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Launch Announcement and Supplemental Listing Document and “**Units**” shall be construed accordingly; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date

is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### ***2.1 Warrant Rights***

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### ***2.2 Exercise Expenses***

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### ***(a) Exercise of Warrants in Board Lots***

Warrants may only be exercised in Board Lots or integral multiples thereof.

### ***(b) Automatic Exercise***

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

(c) *Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments

### 4.1 *Rights Issues*

If and whenever the Trust shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price determined by the closing price on the Stock Exchange on the last Business Day on which Units are traded on a cum-Rights basis

- R: Subscription price per Unit as specified in the Rights Offer plus an amount equal to any distribution or other benefits foregone to exercise the Rights
- M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### **4.2 Bonus Issues**

If and whenever the Trust shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Trust or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### **4.3 Subdivisions or Consolidations**

If and whenever the Trust shall subdivide its Units or any class of its outstanding Unit into a greater number of units (a “**Subdivision**”) or consolidate the Units or any class of its outstanding unit capital comprised of the Units into a smaller number of units (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

### **4.4 Merger or Consolidation**

If it is announced that the Trust is to or may merge with or into any other trust or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Trust is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the Warrants after the adjustment shall, after such Restructuring Event, relate to the number of units of the trust(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### **4.5 Cash Distribution**

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Trust, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Trust.

If and whenever the Trust shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: Existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Unit on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Unit

OD: The Ordinary Distribution per Unit, provided that the date on which the Units are traded on an ex-Ordinary Distribution basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Units are traded on an ex-Ordinary Distribution basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

## 5. Termination or Liquidation

In the event of a Termination or the liquidation or dissolution of the trustee of the Trust (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Trust) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

For the purpose of this Product Condition 5, “**Termination**” means (i) the Trust is terminated, or the Trustee or the manager of the Trust (including any successor manager appointed from time to time) (“**Manager**”) is required to terminate the Trust under the trust deed (“**Trust Deed**”) constituting the Trust or applicable law, or the termination of the Trust commences; (ii) the Trust is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted; (iii) the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and perform its obligations under the Trust Deed; or (iv) the Trust ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 6. Delisting

### 6.1 Adjustments following delisting

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### 6.2 Listing on another exchange

Without prejudice to the generality of Product Condition 6.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## 7. Illegality or Impracticability

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### Sponsor

**BNP Paribas Securities (Asia) Limited**  
59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
China



## PART C – PRODUCT CONDITIONS OF CASH SETTLED INDEX WARRANTS

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, either (i) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(b) in the case of a series of put Warrants:

$$\frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Divisor**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

**“First Exchange Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

**“Index”** means the index specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Compiler”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Currency Amount”** means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Exchange”** means the Stock Exchange or any other exchange as specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Interim Currency”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (X) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (Y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by

reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;

- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Product Conditions**” means these product terms and conditions;

“**Second Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Strike Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

“**Valuation Date**” means the date specified in the Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event, provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

### **3. Exercise of Warrants**

#### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

#### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

#### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

#### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## 4. Adjustments to the Index

### 4.1 Successor Index Compiler Calculates and Reports Index

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

### 4.2 Modification and Cessation of Calculation of Index

If:

- (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or
- (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

## 5. Illegality and Impracticability

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
China

## **PART D – PRODUCT CONDITIONS OF CASH SETTLED COMMODITY WARRANTS**

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### **1. Definitions**

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, converted into the Settlement Currency at the Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Commodity**” means the commodity specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Commodity Business Day**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

**“General Conditions”** means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

**“Listing Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on a Valuation Day of any suspension of or material limitation imposed on, trading in the Commodity or any warrants, options contracts or futures contracts relating to the Commodity on any Related Exchange;
- (b) a limitation or closure of any Related Exchange or the Stock Exchange due to any unforeseen circumstances;
- (c) the disappearance of, or disappearance of trading in, the Commodity;
- (d) a Price Source Disruption Event; or
- (e) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Price Source”** means the publication (or such other origin of price source reference) (if any) specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Price Source Disruption Event”** means:

- (a) the failure of the Price Source to announce or publish any relevant level, value or price in relation to the Commodity (or the information necessary for determining the Closing Price); or
- (b) the temporary or permanent discontinuance or unavailability of the Price Source;

**“Product Conditions”** means these product terms and conditions;

**“Relevant Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Related Exchange”** means any exchange or quotation system in a major international market (including but not limited to New York, Chicago, London, Australia and Frankfurt) on which options contracts or futures contracts or other derivatives contracts relating to the Commodity is traded, as determined by the Issuer;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the Valuation Date;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;



“**Strike Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

“**Valuation Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **(a) Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

### **(b) Automatic Exercise**

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

*(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

*(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account. If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## **4. Adjustments**

### ***4.1 Market Disruption Events***

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Price Source, the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

### ***4.2 Foreign Currency Controls***

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or

- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

## **5. Illegality or Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### **Sponsor**

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## PART E – PRODUCT CONDITIONS OF CASH SETTLED COMMODITY FUTURES WARRANTS

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, converted into the Settlement Currency at the Exchange Rate):

(a) in the case of a series of call Warrants:

$$\frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Commodity**” means the commodity specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Commodity Futures**” means the commodity futures specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Commodity Futures Trading Day**” means a day on which the Relevant Exchange is scheduled to open for trading;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence, on the Valuation Date of:
  - (i) any suspension of or limitation imposed on trading:
    - (A) on the Relevant Exchange in the Commodity Futures or securities generally; or
    - (B) on any Related Exchange in any options contracts or futures contracts relating to the Commodity or the Commodity Futures, if, in any such case, such suspension or limitation is, in the determination of the Issuer, material; or
  - (ii) of any event that disrupts or impairs (as determined by the Issuer) the ability of market participants in general to effect transactions in, or obtain market values for, the Commodity Futures, options contracts or futures contracts on or relating to the Commodity or Commodity Futures on any Related Exchange; or
- (b) the failure of the Relevant Exchange to announce or publish any relevant level, value or price in relation to the Commodity Futures (or the information necessary for determining the Closing Price); or
- (c) a limitation or closure of the Relevant Exchange, any Related Exchange or the Stock Exchange due to any other unforeseen circumstances; or
- (d) the permanent discontinuation of trading in the Commodity Futures on the Relevant Exchange or the disappearance of, or disappearance of trading in, the Commodity Futures or the Commodity; or
- (e) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances; or
- (f) the occurrence of a material change in the content, composition or constitution of the Commodity Futures or the Commodity; or
- (g) the occurrence of a material change in the formula for or the method of calculating the relevant level, value or price in relation to the Commodity Futures.

“**Product Conditions**” means these product terms and conditions;

“**Relevant Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Related Exchange**” means any exchange or quotation system in a major international market on which options contracts or futures contracts or other derivatives contracts relating to the Commodity Futures is traded, as determined by the Issuer;

“**Relevant Exchange**” means the exchange specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the Valuation Date;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Strike Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

“**Valuation Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

### **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Warrants**

### **(a) Exercise of Warrants in Board Lots**

Warrants may only be exercised in Board Lots or integral multiples thereof.

*(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

*(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

*(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account. If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

## **4. Adjustments**

### **4.1 Market Disruption Events**

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

#### **4.2 Foreign Currency Controls**

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or
- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

#### **5. Illegality or Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a "**Change in Law Event**"); or
- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

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## PART F – PRODUCT CONDITIONS OF CASH SETTLED CURRENCY WARRANTS

*The relevant Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with the applicable Product Conditions, replace or modify the applicable Product Conditions for the purpose of such series of Warrants. Capitalised terms used in the applicable Product Conditions and not otherwise defined therein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business and for carrying on foreign exchange transactions in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and if applicable, converted into the Settlement Currency at the Settlement Exchange Rate):

(a) in the case of a series of call Warrants:

$$(\text{Spot Rate} - \text{Strike Rate}) \times \text{Currency Amount}$$

(b) in the case of a series of put Warrants:

$$(\text{Strike Rate} - \text{Spot Rate}) \times \text{Currency Amount}$$

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Currency Amount**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Currency Pair**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence, or existence, on the Valuation Date, of any circumstances beyond the control of the Issuer in which the Spot Rate or, if applicable, the Settlement Exchange Rate cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances; and/or
- (b) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount;

**“Product Conditions”** means these product terms and conditions;

**“Settlement Currency”** means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the Valuation Date;

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

**“Spot Rate”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

**“Settlement Exchange Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

**“Strike Rate”** means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then the Issuer will determine the Spot Rate or, if applicable, the Settlement Exchange Rate or any other variables on the basis of its good faith estimate of the Spot Rate or, if applicable, the Settlement Exchange Rate or any other variables that would have prevailed on that day but for the occurrence of the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Warrant Rights and Exercise Expenses**

### **2.1 Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount, if any.

## **2.2 Exercise Expenses**

On exercise of the Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

### **3. Exercise of Warrants**

#### *(a) Exercise of Warrants in Board Lots*

Warrants may only be exercised in Board Lots or integral multiples thereof.

#### *(b) Automatic Exercise*

The Warrants are exercisable only on the Expiry Date. Any Warrant will automatically be exercised if the Cash Settlement Amount on the Expiry Date is greater than zero (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses)(if any) in accordance with Product Condition 3(d).

Any Warrant which has not been automatically exercised in accordance with this Product Condition 3(b) shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

#### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Warrants which:

- (i) are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions; or
- (ii) have expired worthless,

and thereby cancel the relevant Warrants.

#### *(d) Cash Settlement*

Subject to automatic exercise of Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank

Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

#### **4. Adjustments**

##### ***4.1 Market Disruption Events***

Without limiting Product Condition 3(d), if a Market Disruption Event occurs, the Issuer has the right to adjust the Spot Rate or, if applicable, the Settlement Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under such circumstances notify the Holders in accordance with General Condition 7 if it determines that a Market Disruption Event has occurred.

##### ***4.2 Foreign Currency Controls***

If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which:

- (a) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency;
- (b) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or
- (c) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Settlement Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency,

then, upon notice from the Issuer to Holders in accordance with General Condition 7 to such effect, Holders who have exercised their Warrants in accordance with Product Condition 3 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

#### **5. Illegality and Impracticability**

The Issuer is entitled to terminate the Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law);  
or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

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### APPENDIX 3 – PRODUCT CONDITIONS OF INLINE WARRANTS

*The following pages set out the Product Conditions in respect of different types of Inline Warrants.*

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## **PART A – PRODUCT CONDITIONS OF CASH SETTLED INLINE WARRANTS OVER SINGLE EQUITIES**

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Inline Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Inline Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### **1. Definitions**

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing price of one Share, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like in respect of each Valuation Date;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount in the Settlement Currency calculated by the Issuer as follows:

(a) if the Average Price is at or below the Upper Strike Price and at or above the Lower Strike Price:

Maximum Payoff Amount per Inline Warrant x one Board Lot

(b) if the Average Price is above the Upper Strike Price or below the Lower Strike Price:

Minimum Payoff Amount per Inline Warrant x one Board Lot

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Inline Warrants;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Lower Strike Price**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Payoff Amount per Inline Warrant**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Minimum Payoff Amount per Inline Warrant**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Share**” means the share of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document and “**Shares**” shall be construed accordingly;

“**Upper Strike Price**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For



the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Inline Warrant Rights and Exercise Expenses**

### **2.1 *Inline Warrant Rights***

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount.

### **2.2 *Exercise Expenses***

On exercise of the Inline Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

## **3. Exercise of Inline Warrants**

### **(a) *Exercise of Inline Warrants in Board Lots***

Inline Warrants may only be exercised in Board Lots or integral multiples thereof.

### **(b) *Automatic Exercise***

The Inline Warrants are exercisable only on the Expiry Date. Any Inline Warrant will automatically be exercised on the Expiry Date (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) in accordance with Product Condition 3(d).

### **(c) *Cancellation***

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Inline Warrants which are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions and thereby cancel the relevant Inline Warrants.

(d) *Cash Settlement*

Subject to automatic exercise of Inline Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If, as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

#### 4. Adjustments

##### 4.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Upper Strike Price and the Lower Strike Price (which shall be rounded to the nearest 0.001) will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

Adjusted Upper Strike Price = Existing Upper Strike Price ÷ Adjustment Factor

Adjusted Lower Strike Price = Existing Lower Strike Price ÷ Adjustment Factor

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that no adjustment will be made if the Adjustment Factor is equal to or less than 1.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

*For the avoidance of doubt, the entitlement of the Inline Warrants is always 1 Share and no adjustment will be made to the entitlement.*

#### **4.2 Bonus Issues**

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Upper Strike Price and the Lower Strike Price (which shall be rounded to the nearest 0.001) will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Upper Strike Price} = \text{Existing Upper Strike Price} \div \text{Adjustment Factor}$$

$$\text{Adjusted Lower Strike Price} = \text{Existing Lower Strike Price} \div \text{Adjustment Factor}$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

*For the avoidance of doubt, the entitlement of the Inline Warrants is always 1 Share and no adjustment will be made to the entitlement.*

#### **4.3 Share Splits or Consolidations**

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Upper Strike Price and the Lower Strike Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Upper Strike Price and the Lower Strike Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

*For the avoidance of doubt, the entitlement of the Inline Warrants is always 1 Share and no adjustment will be made to the entitlement.*

#### **4.4 Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Inline Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the interests of the Holders generally are not materially prejudiced as a consequence of such Restructuring Event (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

*For the avoidance of doubt, the entitlement of the Inline Warrants is always 1 Share and no adjustment will be made to the entitlement.*

#### **4.5 Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Upper Strike Price and the Lower Strike Price (which shall be rounded to the nearest 0.001) shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Upper Strike Price} = \text{Existing Upper Strike Price} \div \text{Adjustment Factor}$$

$$\text{Adjusted Lower Strike Price} = \text{Existing Lower Strike Price} \div \text{Adjustment Factor}$$

Where

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

S: The closing price of the Share on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Share

OD: The Ordinary Dividend per Share, provided that the date on which the Shares are traded on an ex-Ordinary Dividend basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Shares are traded on an ex-Ordinary Dividend basis is not the Cash Distribution Adjustment Date

*For the avoidance of doubt, the entitlement of the Inline Warrants is always 1 Share and no adjustment will be made to the entitlement.*

## **5. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Inline Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## **6. Delisting**

### ***6.1 Adjustments following delisting***

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the Inline Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### ***6.2 Listing on another exchange***

Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## **7. Illegality or Impracticability**

The Issuer is entitled to terminate the Inline Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Inline Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
    - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law);  
or
    - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),
- (each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Inline Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Inline Warrant held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
China

## **PART B – PRODUCT CONDITIONS OF CASH SETTLED INDEX INLINE WARRANTS**

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Inline Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Inline Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### **1. Definitions**

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Cash Settlement Amount**” means, for every Board Lot, an amount calculated by the Issuer as follows (and, if appropriate, either (i) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

- (a) if the Closing Level is at or below the Upper Strike Level and at or above the Lower Strike Level:

Maximum Payoff Amount per Inline Warrant x one Board Lot

- (b) if the Closing Level is above the Upper Strike Level or below the Lower Strike Level:

Minimum Payoff Amount per Inline Warrant x one Board Lot

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the Inline Warrants;

“**First Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Compiler**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Exchange**” means the Stock Exchange or any other exchange as specified in the relevant Launch Announcement and Supplemental Listing Document;

“**Interim Currency**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Lower Strike Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (X) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (Y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;
- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or



- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Maximum Payoff Amount per Inline Warrant**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Minimum Payoff Amount per Inline Warrant**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Second Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount electronically through CCASS to the Designated Bank Account;

“**Upper Strike Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document; and

“**Valuation Date**” means the date specified in the Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event, provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Inline Warrant Rights and Exercise Expenses**

### **2.1 Inline Warrant Rights**

Every Board Lot gives each Holder, upon due exercise and compliance with Product Condition 3, the right to receive payment of the Cash Settlement Amount.

### **2.2 Exercise Expenses**

On exercise of the Inline Warrants, Holders will be obliged to give an irrevocable authorisation to the Issuer to deduct all Exercise Expenses in accordance with Product Condition 3.

### **3. Exercise of Inline Warrants**

#### *(a) Exercise of Inline Warrants in Board Lots*

Inline Warrants may only be exercised in Board Lots or integral multiples thereof.

#### *(b) Automatic Exercise*

The Inline Warrants are exercisable only on the Expiry Date. Any Inline Warrant will automatically be exercised on the Expiry Date (without notice being given to the Holders). The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount (net of any Exercise Expenses) in accordance with Product Condition 3(d).

#### *(c) Cancellation*

The Issuer will, with effect from the first Business Day following the Expiry Date, remove from the Register the name of the person in respect of the Inline Warrants which are the subject of an exercise pursuant to automatic exercise in accordance with these Product Conditions and thereby cancel the relevant Inline Warrants.

#### *(d) Cash Settlement*

Subject to automatic exercise of Inline Warrants in accordance with these Product Conditions, the Issuer will make a payment, in respect of every Board Lot, to the relevant Holder equal to the Cash Settlement Amount (net of any Exercise Expenses). If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### **4. Adjustments to the Index**

#### **4.1 Successor Index Compiler Calculates and Reports Index**

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

#### **4.2 Modification and Cessation of Calculation of Index**

If:

- (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or
- (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

#### **5. Illegality and Impracticability**

The Issuer is entitled to terminate the Inline Warrants if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Inline Warrants, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Inline Warrants due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Inline Warrant held by such Holder immediately prior to such termination (ignoring such illegality or

impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

**Sponsor**

**BNP Paribas Securities (Asia) Limited**

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## APPENDIX 4 – PRODUCT CONDITIONS OF CBBCs

*The following pages set out the Product Conditions in respect of different types of CBBCs.*

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PART A – PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES . . . . .	126
PART B – PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX . . . . .	138
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## PART A – PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Cash Settlement Amount**” means:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) In the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(ii) In the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” means the closing price of one Share, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment to such closing price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like on the Valuation Date;

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

“**Mandatory Call Event**” means that the Spot Price of the Shares on any Trading Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or

(c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**MCE Valuation Date**” means the last Trading Day during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and
- (B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only;

“**Minimum Trade Price**” means the lowest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**Number of CBBC(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;



“**Observation Commencement Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Stock Exchange on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means:

(a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

“**Share**” means the share of the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document and “**Shares**” shall be construed accordingly;

“**Spot Price**” means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Strike Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

“**Trading Rules**” means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

“**Valuation Date**” means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price of the Shares having regard to the then prevailing market conditions, the last reported trading price of the Shares on the Stock Exchange and such other factors as the Issuer determines to be relevant.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Illegality or Impracticability**

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC

held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### 3. Exercise of CBBCs

#### 3.1 Exercise of CBBCs in Board Lots

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 3.2 Automatic Exercise

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

#### 3.3 Mandatory Call Event

- (a) Subject to Product Condition 3.3(b), following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session immediately after the MCE Valuation Period in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
  - (ii) manifest errors caused by the relevant third party price source where applicable;
- and
- (A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and
  - (B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time, in which case, (A) the Mandatory Call Event so triggered will be reversed; and (B) all cancelled

trades (if any) will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### **3.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### **3.5 Cancellation**

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### **3.6 Exercise Expenses**

- (a) Any Exercise Expenses which were not determined by the Issuer:
  - (i) during the MCE Valuation Period following the Mandatory Call Event; or
  - (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.
- (b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### **3.7 Cash Settlement**

Upon early expiration of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses) (if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) (if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### **3.8 Responsibility of Issuer, Guarantor and Sponsor**

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

### **3.9 Liability of Issuer, Guarantor and Sponsor**

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor, nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor, nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

### **3.10 Trading**

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

## **4. Adjustments**

### **4.1 Rights Issues**

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price determined by the closing price on the Stock Exchange on the last Business Day on which Shares are traded on a cum-Rights basis

R: Subscription price per Share as specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### **4.2 Bonus Issues**

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Shares becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of existing Shares for each Share held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### **4.3 Share Splits or Consolidations**

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

### **4.4 Merger or Consolidation**

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of any corporation or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### **4.5 Cash Distribution**

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: Existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Share on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Share

OD: The Ordinary Dividend per Share, provided that the date on which the Shares are traded on an ex-Ordinary Dividend basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Shares are traded on an ex-Ordinary Dividend basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

## **5. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## **6. Delisting**

### ***6.1 Adjustments following delisting***

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).



## **6.2 Listing on another exchange**

Without prejudice to the generality of Product Condition 6.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
China

## PART B – PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (X) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (Y) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Level is equal to the Strike Level;

“**Category R CBBCs**” means a series of CBBCs where the Call Level is different from the Strike Level;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Divisor**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**First Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Business Day**” means any day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

“**Index Compiler**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Currency Amount**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Exchange**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Interim Currency**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

**“Mandatory Call Event”** means that the Spot Level of the Index on any Index Business Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Level; or
- (b) in the case of a series of bear CBBCs, at or above the Call Level;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index; or
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (X) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (Y) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;
- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Maximum Index Level”** means the highest Spot Level of the Index during the MCE Valuation Period;

**“MCE Valuation Date”** means the last Trading Day during the MCE Valuation Period;

**“MCE Valuation Period”** means:

- (a) in respect of an Index Exchange located in Hong Kong, the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which Spot Level(s) is/are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Level(s) is/are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available.

In that case:

- (i) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (ii) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level of the Index and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

(A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and

(B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only; and

- (b) in respect of an Index Exchange located outside Hong Kong, the period specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Minimum Index Level”** means the lowest Spot Level of the Index during the MCE Valuation Period;

**“Observation Commencement Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding that the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Price Source**”, if applicable, has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either, converted (if applicable) into the Settlement Currency at the Exchange Rate, or converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

“**Second Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Spot Level**” means, unless otherwise specified in the relevant Launch Announcement and Supplemental Listing Document, the spot level of the Index as compiled and published by the Index Compiler;

“**Strike Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Successor Index**” means the successor index specified in the relevant Launch Announcement and Supplemental Listing Document;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

“**Trading Rules**” means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

“**Valuation Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level of the Index on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but will not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Illegality or Impracticability**

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

## **3. Exercise of CBBCs**

### ***3.1 Exercise of CBBCs in Board Lots***

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### 3.2 Automatic Exercise

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

### 3.3 Mandatory Call Event

- (a) Subject to Product Condition 3.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session of the Stock Exchange immediately after the corresponding trading session of the Stock Exchange during which the MCE Valuation Period ends in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
- (ii) manifest errors caused by the relevant third party price source where applicable;

and

- (A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and
- (B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case,

- (A) in respect of an Index Exchange located in Hong Kong, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time; or



(B) in respect of an Index Exchange located outside Hong Kong:

- (1) the revocation of the Mandatory Call Event is communicated to the other party by 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time; and
- (2) the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked on the Day of Notification.

In both cases:

(C) the Mandatory Call Event so triggered will be reversed; and

(D) all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/ or requirements prescribed by the Stock Exchange from time to time.

### **3.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### **3.5 Cancellation**

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### **3.6 Exercise Expenses**

(a) Any Exercise Expenses which were not determined by the Issuer:

- (i) during the MCE Valuation Period following the Mandatory Call Event; or
- (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.

(b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### **3.7 Cash Settlement**

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses)(if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses)(if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

### ***3.8 Responsibility of Issuer, Guarantor and Sponsor***

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities, contracts, commodities or currencies comprising the Index.

### ***3.9 Liability of Issuer, Guarantor and Sponsor***

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

### ***3.10 Trading***

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

## **4. Adjustments to the Index**

### ***4.1 Successor Index Compiler Calculates and Reports Index***

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

#### **4.2 Modification and Cessation of Calculation of Index**

If:

- (a) on any Index Business Day before the Expiry Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or
- (b) on any Index Business Day before the Expiry Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Index Business Day as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

#### **Sponsor**

#### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong  
China

## PART C – PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE UNIT TRUST

*These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meaning given to them in the relevant Launch Announcement and Supplemental Listing Document.*

### 1. Definitions

For the purposes of these Product Conditions:

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Cash Settlement Amount**” means:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (ii) In the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**CCASS Settlement Day**” has the meaning ascribed to the term “Settlement Day” in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Closing Price**” means the closing price of one Unit, as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustment to such closing price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like on the Valuation Date;

“**Day of Notification**” means the Trading Day immediately following the day on which a Mandatory Call Event occurs;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of CBBCs upon expiry;

“**General Conditions**” means the general terms and conditions set out in Appendix 1 of the Base Listing Document;

“**Last Trading Day**” means the trading day on the Stock Exchange immediately preceding the Expiry Date;

“**Mandatory Call Event**” means that the Spot Price of the Units on any Trading Day during the Observation Period is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either (i) results in the Stock Exchange being closed for trading for the entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or
- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**MCE Valuation Date**” means the last Trading Day during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Units is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed.

In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (A) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and
- (B) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one trading session only;

“**Minimum Trade Price**” means the lowest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 4 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**Number of CBBC(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Commencement Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Stock Exchange on the Last Trading Day. For the avoidance of doubt, the Observation Period shall not be extended notwithstanding the Valuation Date shall not fall on the Last Trading Day;

“**Post MCE Trades**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Product Conditions**” means these product terms and conditions;

“**Residual Value**” means:

(a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

“**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which the Issuer is unable to procure payment of the Cash Settlement Amount (if any) electronically through CCASS to the Designated Bank Account;

“**Spot Price**” means:

(a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and

(b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Strike Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 4;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions;

“**Trading Rules**” means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

“**Trust**” means the trust specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Unit**” means the unit specified as such in the relevant Launch Announcement and Supplemental Listing Document and “**Units**” shall be construed accordingly; and

“**Valuation Date**” means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and
- (b) the Issuer shall determine the Closing Price of the Units having regard to the then prevailing market conditions, the last reported trading price of the Units on the Stock Exchange and such other factors as the Issuer determines to be relevant.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Illegality or Impracticability**

The Issuer is entitled to terminate the CBBCs if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the CBBCs, or for the Guarantor to perform its obligations under the Guarantee, in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the CBBCs due to a Change in Law Event.



Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each CBBC held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### 3. Exercise of CBBCs

#### 3.1 Exercise of CBBCs in Board Lots

CBBCs may only be exercised in Board Lots or integral multiples thereof.

#### 3.2 Automatic Exercise

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date.

#### 3.3 Mandatory Call Event

- (a) Subject to Product Condition 3.3(b), following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer will give a notice of the Mandatory Call Event and early expiry of the CBBCs (the “**Announcement on MCE and Early Expiration**”) to the Holders in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and all Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

In the case of Category R CBBCs, the Issuer will give a notice of the valuation of the Residual Value (the “**Announcement on Valuation of Residual Value**”) to the Holders before the end of the trading session immediately after the MCE Valuation Period in accordance with General Condition 7.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited; or
  - (ii) manifest errors caused by the relevant third party price source where applicable;
- and
- (A) in the case of a system malfunction or other technical errors prescribed in paragraph (i) above, such event is reported by the Stock Exchange to the Issuer, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked, and
  - (B) in the case of an error by the relevant price source prescribed in paragraph (ii) above, such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Day of Notification or such other time frame as prescribed by the Stock Exchange from time to time, in which case, (A) the Mandatory Call Event so triggered will be reversed; and (B) all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume no later than the Trading Day immediately following the Day of Notification in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### **3.4 Entitlement**

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### **3.5 Cancellation**

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Date or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

### **3.6 Exercise Expenses**

- (a) Any Exercise Expenses which were not determined by the Issuer:
  - (i) during the MCE Valuation Period following the Mandatory Call Event; or
  - (ii) otherwise, on the Expiry Date (as the case may be), and were not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 3.7, shall be notified to the Holder as soon as practicable after determination thereof by the Issuer and shall be paid by the Holder to the Issuer immediately upon demand.
- (b) Holders shall note that they shall be responsible for additional costs and expenses in connection with any early expiration or exercise of the CBBCs including the Exercise Expenses which amount shall, to the extent necessary, be payable to the Issuer and collected from the Holders.

### **3.7 Cash Settlement**

Upon early expiration of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount (net of any Exercise Expenses) (if any) to the relevant Holder. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount (net of any Exercise Expenses) (if any) will be despatched no later than the Settlement Date by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as

soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

**3.8 Responsibility of Issuer, Guarantor and Sponsor**

None of the Issuer, the Guarantor, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Product Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions.

The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

**3.9 Liability of Issuer, Guarantor and Sponsor**

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer, the Guarantor, nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer, the Guarantor, nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

**3.10 Trading**

Subject to Product Condition 3.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date, whichever is the earlier.

**4. Adjustments**

**4.1 Rights Issues**

If and whenever the Trust shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement will be adjusted to take effect on the Business Day (“**Rights Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

- E: Existing Entitlement immediately prior to the Rights Offer
- S: Cum-Rights Unit price determined by the closing price on the Stock Exchange on the last Business Day on which Units are traded on a cum-Rights basis

- R: Subscription price per Unit as specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights
- M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

#### **4.2 Bonus Issues**

If and whenever the Trust shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Trust or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement will be increased on the Business Day (“**Bonus Issue Adjustment Date**”) on which trading in the Units becomes ex-entitlement in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of existing Units for each Unit held prior to the Bonus Issue

Provided that if the adjustment to be made would result in the Entitlement being changed by one per cent. or less, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### **4.3 Subdivisions or Consolidations**

If and whenever the Trust shall subdivide its Units or any class of its outstanding Units into a greater number of units (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units (a “**Consolidation**”), then:

- (i) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (ii) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) shall have taken effect.

### **4.4 Merger or Consolidation**

If it is announced that the Trust is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Trust is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion).

The rights attaching to the CBBCs after the adjustment shall, after such Restructuring Event, relate to the number of units of the trust(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event. Thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected.

For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 4.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### **4.5 Cash Distribution**

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Trust, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Trust.

If and whenever the Trust shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Factor} \times E$$

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: Existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Unit on the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The Cash Distribution per Unit

OD: The Ordinary Distribution per Unit, provided that the date on which the Units are traded on an ex-Ordinary Distribution basis is the Cash Distribution Adjustment Date. For the avoidance of doubt, the OD shall be zero if the date on which the Units are traded on an ex-Ordinary Distribution basis is not the Cash Distribution Adjustment Date

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

## 5. Termination or Liquidation

In the event of a Termination, liquidation or dissolution of the trustee of the Trust (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Trust) or the appointment of a liquidator, receiver or administrator or analogous person under Hong Kong law in respect of the whole or substantially the whole of the Trustee’s undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the Termination, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

For the purpose of this Product Condition 5, “**Termination**” means (i) the Trust is terminated, or the Trustee or the manager of the Trust (including any successor manager appointed from time to time) (“**Manager**”) is required to terminate the Trust under the trust deed (“**Trust Deed**”) constituting the Trust or applicable law, or the termination of the Trust commences; (ii) the Trust is held or is conceded by the Trustee or the Manager not to have been constituted or to have been imperfectly constituted; (iii) the Trustee ceases to be authorised under the Trust to hold the property of the Trust in its name and perform its obligations under the Trust Deed; or (iv) the Trust ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## **6. Delisting**

### ***6.1 Adjustments following delisting***

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Holder or the tax or other consequences that may result in any particular jurisdiction).

### ***6.2 Listing on another exchange***

Without prejudice to the generality of Product Condition 6.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

#### **Sponsor**

##### **BNP Paribas Securities (Asia) Limited**

59th-63rd Floors

Two International Finance Centre

8 Finance Street

Central, Hong Kong

China

## **APPENDIX 5 – A BRIEF GUIDE TO CREDIT RATINGS**

Information set out in this Appendix 5 is based on, extracted or reproduced from the website of S&P at <https://www.spglobal.com/ratings/en/> and the website of Moody's at <https://www.moodys.com>, as of 2 April 2020. Information appearing on those websites does not form part of this document, and we accept no responsibility for the accuracy or completeness of the information appearing on those websites, except that we have accurately extracted and reproduced such information in this Appendix 5 and take responsibility for such extraction and reproduction. We have not separately verified such information. There can be no assurance that such information will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided in this Appendix 5 and/or what a credit rating means, you should seek independent professional advice.

### **What is a credit rating?**

A credit rating is a forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

### **What do the credit ratings mean?**

Below are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means as of 2 April 2020.

#### **S&P long-term issuer credit ratings**

##### **AAA**

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

##### **AA**

An obligor rated 'AA' has very strong capacity to meet its financial commitments.

##### **A**

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat susceptible to adverse economic conditions and changes in circumstances.

##### **BBB**

An obligor rated 'BBB' has adequate capacity to meet its financial commitments, but is more subject to adverse economic conditions.

Plus (+) or minus (-)

The above ratings (except for 'AAA') may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Please refer to <https://www.spglobal.com/ratings/en/about/understanding-ratings> for further details.



## **Moody's long-term ratings definitions**

Aaa

Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A

Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa

Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Modifiers "1", "2" and "3"

Moody's appends numerical modifiers 1, 2 and 3 to each of the above generic rating classifications (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to <https://www.moody.com/Pages/amr002002.aspx> for further details.

## **Rating Outlooks**

A rating outlook indicates the potential direction of a long-term credit rating over the intermediate term (for example, this is typically six months to two years for S&P). A rating outlook issued by S&P or Moody's will usually indicate whether the potential direction is likely to be "positive", "negative", "stable" or "developing". Please refer to the abovementioned websites of the relevant credit rating agencies for further details regarding rating outlooks published by the relevant credit rating agencies.

**APPENDIX 6 – AUDITORS’ REPORT AND THE GUARANTOR’S  
CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2019**

The information in this Appendix 6 is the Guarantor’s Consolidated Financial Statements for the year ended 31 December 2019. Auditors’ report and the Guarantor’s Consolidated Financial Statements for the year ended 31 December 2019 are free English translations of the French original versions. References to page numbers on the following pages are to the page numbers of such Consolidated Financial Statements. We draw your attention to the fact that the information presented in Chapter 5 of the Guarantor’s registration document and identified by the word “Audited”, which is an integral part of the notes to the Guarantor’s consolidated financial statements, is not included in the Base Listing Document. The Auditors’ report only covers the Guarantor’s consolidated financial statements as at 31 December 2019 and for the year then ended, including the information referred to above which is an integral part of those financial statements.

**BNP Paribas SA**

**Statutory Auditors' report  
on the consolidated financial statements**

**For the year ended 31 December 2019**

**Deloitte & Associés**  
6, place de la Pyramide  
92908 Paris La Défense Cedex

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**Mazars**  
61, rue Henri Regnault  
92400 Courbevoie

## **Statutory Auditors' report on the consolidated financial statements**

**For the year ended 31 December 2019**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**BNP Paribas SA**  
16, boulevard des Italiens  
75009 Paris

To the Shareholders,

### **Opinion**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas SA for the year ended 31 December 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

### **Basis for opinion**

#### ***Audit framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

### ***Independence***

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

### **Emphasis of matter**

Without qualifying our opinion, we draw your attention to Notes 1.a.1 and 2 to the consolidated financial statements, which describe the impact on the consolidated financial statements for the year ended 31 December 2019 of the application of IFRS 16 "Leases".

### **Justification of assessments – Key audit matters**

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

<b>Assessment of credit risk and measurement of impairment losses (stages 1, 2 and 3) on customer loan portfolios</b> (See Notes 1.e.5, 1.e.6, 1.o, 3.h, 5.e, 5.f and 5.p to the consolidated financial statements)	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>BNP Paribas recognises impairment losses to hedge the credit risks inherent to its banking intermediation activities.</p> <p>Since 1 January 2018, these impairment losses have been determined in accordance with IFRS 9 and the expected credit losses model.</p> <p>The measurement of expected credit losses on customer loan portfolios requires management to exercise judgement, in particular in order to:</p> <ul style="list-style-type: none"> <li>- assess the significant deterioration of credit risk to classify outstandings in stage 1, stage 2, or stage 3;</li> <li>- estimate the amount of expected losses according to the different stages;</li> <li>- prepare macro-economic projections which are integrated into both the criteria for recognising deterioration and in the measurement of expected losses.</li> </ul> <p>At 31 December 2019, total outstanding customer loans exposed to credit risk amounted to EUR 827 billion, while total impairment losses stood at EUR 21 billion.</p> <p>We deemed the assessment of credit risk and the measurement of impairment losses to be a key audit matter insofar as management is required to exercise judgement and make estimates to assess credit risk, in particular as regards credit granted to companies given the potentially substantial amounts of the outstanding loans concerned.</p>	<p>We concentrated our work on the most significant outstandings and/or customer loan portfolios at the reporting date as well as on the credit granted to companies operating in more sensitive economic sectors or geographic regions. We assessed the relevance of BNP Paribas' internal control system and tested the manual and computerised controls for assessing credit risk and measuring expected losses.</p> <p>During our work, we focused on:</p> <ul style="list-style-type: none"> <li>- classification of outstandings by stage: we assessed the relevance and the correct application of the indicators applicable to the various business lines to measure significant increases in credit risk, in particular as regards the rating of corporate counterparties;</li> <li>- measurement of expected losses (stages 1, 2 and 3); <ul style="list-style-type: none"> <li>• assisted by our credit risk experts and relying on the internal system for independent validation of BNP Paribas' models, we assessed the methodologies as well as the assumptions underlying the macro-economic projections used by BNP Paribas across the various business lines, the proper integration of said projections into the information system and the effectiveness of the data quality controls,</li> <li>• with regard to impairment losses on outstanding loans to companies classified in stage 3, we verified that a periodic review of the counterparties under surveillance had been carried out by BNP Paribas and based on a sample, assessed the assumptions and data used by management to estimate impairment.</li> </ul> </li> </ul> <p>In addition, we examined the disclosures in the notes to the consolidated financial statements with respect to credit risk and particularly the disclosures required by IFRS 9 regarding credit risk.</p>

<b>Valuation of financial instruments</b> (See Notes 1.e.2, 1.e.7, 1.e.10, 1.o, 3.a, 3.c, 3.d, 5.a, 5.b, 5.c and 5.d to the consolidated financial statements)	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>As part of its trading activities, BNP Paribas holds financial instruments (assets and liabilities) which are recognised in the balance sheet at market value.</p> <p>Market value is determined according to different approaches, depending on the type of instrument and its complexity: (i) using directly observable quoted prices (instruments classified in level 1 of the fair value hierarchy); (ii) using valuation models whose main inputs are observable (instruments classified in level 2); and (iii) using valuation models whose main inputs are unobservable (instruments classified in level 3).</p> <p>The valuations obtained may be subject to additional value adjustments to take into account certain specific trading, liquidity or counterparty risks.</p> <p>The techniques adopted by management to measure these instruments may therefore involve significant judgement as regards the models and data used.</p> <p>At 31 December 2019, financial instruments represented EUR 641 billion (of which EUR 11 billion for level 3 instruments) under assets and EUR 596 billion (of which EUR 28.1 billion for level 3 instruments) under liabilities.</p> <p>In light of the materiality of the outstandings and the judgement used to determine market value, we deemed the measurement of financial instruments to be a key audit matter, in particular the measurement of level 3 instruments given the use of unobservable inputs.</p>	<p>Assisted by our valuation experts, we verified that the key controls used by BNP Paribas with respect to the valuation of financial instruments function properly, in particular those relating to:</p> <ul style="list-style-type: none"> <li>- the approval and regular review by management of the risks of the valuation models;</li> <li>- the independent verification of the valuation inputs;</li> <li>- the determination of value adjustments.</li> </ul> <p>Based on a sample, our valuation experts:</p> <ul style="list-style-type: none"> <li>- analysed the relevance of the assumptions and inputs used;</li> <li>- analysed the results of the independent verification of the inputs by BNP Paribas;</li> <li>- performed independent counter valuations using our own models.</li> </ul> <p>We also analysed on a sample basis any differences between the valuations obtained and collateral calls with counterparties.</p> <p>In addition, we examined the disclosures in the notes to the consolidated financial statements with respect to the valuation of financial instruments.</p>

<b>Goodwill impairment</b> (See Notes 1.b.4 and 5.0 to the consolidated financial statements)	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>When recognising acquisitions, BNP Paribas records goodwill under assets, corresponding to the excess of the acquisition price of the shares over the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. At 31 December 2019, goodwill amounted to EUR 7.8 billion.</p> <p>Goodwill is tested for impairment at least once a year or more frequently if there is an indication of impairment. Comparing the carrying amount of the cash-generating units to which goodwill is allocated with their recoverable amount is a key step in the process of determining if an impairment charge should be recorded.</p> <p>We deemed goodwill impairment to be a key audit matter because management is required to exercise judgement to measure the recoverable amount of the cash-generating units, which involves making assumptions as regards the future earnings of acquirees and the discount rates applied to projected cash flows.</p>	<p>Our audit approach consisted in assessing the procedures implemented within BNP Paribas to test goodwill for impairment as well as the controls designed to identify indications of goodwill impairment.</p> <p>Assisted by our valuation experts, our work on the goodwill balances at 31 December 2019 consisted primarily in:</p> <ul style="list-style-type: none"> <li>- analysing the methods adopted by BNP Paribas;</li> <li>- critically assessing the business plans approved by Executive Management to ensure the reasonableness of the future cash flow estimates set out therein (in particular when projections do not match past performance);</li> <li>- critically analysing the main assumptions and inputs used (growth rate, cost of capital and discount rate) with respect to available external information;</li> <li>- assessing the analyses of the sensitivity of estimates to key inputs (in particular when the recoverable amount approximates the carrying amount).</li> </ul> <p>Lastly, we verified the appropriateness of the disclosures in the notes to the consolidated financial statements with respect to the results of impairment and sensitivity tests.</p>



<b>Analysis of legal risk with respect to regulatory and administrative investigations and to class actions</b> (See Notes 1.l, 1.o, 3.h, 5.p and 8.b to the consolidated financial statements)	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>In each of the countries where it is present, BNP Paribas is subject to the regulations applicable to the sectors in which it operates. If the Group does not comply with the applicable laws and regulations, it may be exposed to significant fines and other administrative and criminal sanctions. It may also incur losses as a result of private legal disputes in connection with or unrelated to these sanctions.</p> <p>Estimating provisions to cover the consequences of investigations into non-compliance with certain regulations requires judgement due to the difficulty in anticipating the outcome of regulatory procedures.</p> <p>Estimating provisions with respect to class actions or other private legal disputes also requires management to exercise judgement.</p> <p>In light of the increase in regulatory and administrative investigations and class actions brought against financial establishments in recent years and of the significant judgement exercised by management to estimate the amount of provisions recognised, we deemed this risk to be a key audit matter.</p>	<p>We familiarised ourselves with the procedure for identifying and assessing legal risk with respect to regulatory and administrative investigations and to class actions, in particular through quarterly interviews with BNP Paribas' legal functions.</p> <p>Our work consisted primarily in:</p> <ul style="list-style-type: none"> <li>- obtaining an understanding of the analyses prepared by the financial and legal departments at the end of each quarterly accounting period;</li> <li>- interviewing the specialised law firms with which BNP Paribas works when subject to legal disputes.</li> </ul> <p>We also examined the related disclosures provided in the notes to the consolidated financial statements.</p>

<b>General IT controls</b>	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>The reliability and security of IT systems plays a key role in the preparation of BNP Paribas' consolidated financial statements. We thus deemed the assessment of the general IT controls of the infrastructures and applications that contribute to the preparation of accounting and financial information to be a key audit matter.</p> <p>In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to application settings or underlying data.</p>	<p>For the main systems used to prepare accounting and financial information, assisted by our IT specialists, our work consisted primarily in:</p> <ul style="list-style-type: none"> <li>- obtaining an understanding of the systems, processes and controls which underpin accounting and financial data;</li> <li>- assessing the general IT controls (application and data access management, application changes/developments management and IT operations management) on key systems (in particular accounting, consolidation and automatic reconciliation applications);</li> <li>- examining the control for the authorisation of manual accounting entries;</li> <li>- performing additional audit procedures, where appropriate.</li> </ul>

<b>Technical reserves of insurance companies</b> (See Notes 1.f.3, 1.o and 5.j to the consolidated financial statements)	
<b>Description of risk</b>	<b>How our audit addressed this risk</b>
<p>At the year-end, a liability adequacy test is performed for BNP Paribas' insurance activities.</p> <p>The purpose of this test is to ensure that liabilities in respect of insurance contracts and investment contracts with discretionary profit-sharing are adequate in light of current estimates of the future cash flows to be generated by those contracts.</p> <p>If the test indicates that the carrying amount of insurance liabilities is inadequate in relation to the estimated future cash flows, the total amount of the potential losses is recognised in profit or loss.</p> <p>At 31 December 2019, total technical insurance reserves and other liabilities amounted to EUR 237 billion.</p> <p>The end-2019 test confirmed that the carrying amount of the reserves was sufficient.</p> <p>In the current low interest rate environment, we deemed the implementation of the liability adequacy test for the Savings business to be a key audit matter because it involves using actuarial models as well as modelling options and guarantees which are specific to BNP Paribas and requires management to exercise judgement to determine certain key assumptions (e.g., discount rate, return on assets, surrender rate and fees).</p>	<p>Based on a sample, we assessed the amount of net future cash flows used in the calculation, in particular by:</p> <ul style="list-style-type: none"> <li>- assessing the validity of the data on asset portfolios and contracts used as a starting point for the modelling exercise;</li> <li>- identifying the main changes made to the actuarial models, assessing the relevance of said changes and obtaining an understanding of their impact on the result of the test;</li> <li>- analysing differences in the model results between 2018 and 2019 using analyses prepared by BNP Paribas. We verified that the most material differences were justified by changes in the portfolio, the assumptions or the models.</li> <li>- examining the results of the sensitivity analyses performed by BNP Paribas, notably those concerning rate assumptions.</li> </ul> <p>In addition, we examined the disclosures in the notes to the consolidated financial statements with respect to insurance liabilities.</p>

### Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

## **Report on other legal and regulatory requirements**

### ***Appointment of the Statutory Auditors***

We were appointed Statutory Auditors of BNP Paribas SA by the Annual General Meetings held on 23 May 2006 for Deloitte & Associés, 26 May 1994 for PricewaterhouseCoopers Audit and 23 May 2000 for Mazars.

At 31 December 2019, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars were in the fourteenth, the twenty-sixth and the twentieth consecutive year of their engagement, respectively.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

### **Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements**

#### ***Objective and audit approach***

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.  
They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- 
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

#### *Report to the Financial Statements Committee*

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we

discuss any risks to our independence and the related safeguard measures with the Financial Statements Committee.

Paris La Défense, Neuilly-sur-Seine and Courbevoie, 3 March 2020

The Statutory Auditors

**Deloitte & Associés**

**PricewaterhouseCoopers  
Audit**

**Mazars**

Laurence Dubois

Patrice Morot

Virginie Chauvin



# **CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 December 2019**



**BNP PARIBAS**

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# 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 2019 and 2018. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for the year ended 2017 are provided in the registration document filed with the Autorité des marchés financiers on 5 March 2019 under number D.19-0114.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

In millions of euros	Notes	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Interest income	3.a	37,327	35,723
Interest expense	3.a	(16,200)	(14,661)
Commission income	3.b	13,265	12,925
Commission expense	3.b	(3,900)	(3,718)
Net gain on financial instruments at fair value through profit or loss	3.c	7,111	5,808
Net gain on financial instruments at fair value through equity	3.d	350	315
Net gain on derecognised financial assets at amortised cost		3	(5)
Net income from insurance activities	3.e	4,437	4,064
Income from other activities	3.f	13,502	12,324
Expense on other activities	3.f	(11,298)	(10,259)
<b>REVENUES</b>		<b>44,597</b>	<b>42,516</b>
Salary and employee benefit expense	7.a	(17,553)	(16,617)
Other operating expenses	3.g	(11,339)	(12,290)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(2,445)	(1,676)
<b>GROSS OPERATING INCOME</b>		<b>13,260</b>	<b>11,933</b>
Cost of risk	3.h	(3,203)	(2,764)
<b>OPERATING INCOME</b>		<b>10,057</b>	<b>9,169</b>
Share of earnings of equity-method entities	5.m	586	628
Net gain on non-current assets		1,569	358
Goodwill	5.o	(818)	53
<b>PRE-TAX INCOME</b>		<b>11,394</b>	<b>10,208</b>
Corporate income tax	3.i	(2,811)	(2,203)
<b>NET INCOME</b>		<b>8,583</b>	<b>8,005</b>
Net income attributable to minority interests		410	479
<b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>8,173</b>	<b>7,526</b>
Basic earnings per share	8.a	6.21	5.73
Diluted earnings per share	8.a	6.21	5.73

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

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Net income for the period</b>	<b>8,583</b>	<b>8,005</b>
<b>Changes in assets and liabilities recognised directly in equity</b>	<b>1,630</b>	<b>(1,315)</b>
<b>Items that are or may be reclassified to profit or loss</b>	<b>1,565</b>	<b>(1,404)</b>
- Changes in exchange differences	530	(159)
- Changes in fair value of financial assets at fair value through equity		
<i>Changes in fair value recognised in equity</i>	283	(461)
<i>Changes in fair value reported in net income</i>	(191)	(110)
- Changes in fair value of investments of insurance activities		
<i>Changes in fair value recognised in equity</i>	883	(530)
<i>Changes in fair value reported in net income</i>	(76)	(99)
- Changes in fair value of hedging instruments		
<i>Changes in fair value recognised in equity</i>	494	(406)
<i>Changes in fair value reported in net income</i>	(125)	(7)
- Income tax	(391)	505
- Changes in equity-method investments	158	(137)
<b>Items that will not be reclassified to profit or loss</b>	<b>65</b>	<b>89</b>
- Changes in fair value of equity instruments designated as at fair value through equity	114	(148)
- Debt remeasurement effect arising from BNP Paribas Group issuer risk	9	195
- Remeasurement gains (losses) related to post-employment benefit plans	(28)	137
- Income tax	(15)	(96)
- Changes in equity-method investments	(15)	1
<b>Total</b>	<b>10,213</b>	<b>6,690</b>
- Attributable to equity shareholders	9,796	6,215
- Attributable to minority interests	417	475

## BALANCE SHEET AT 31 DECEMBER 2019

In millions of euros	Notes	31 December 2019	31 December 2018
<b>ASSETS</b>			
Cash and balances at central banks		155,135	185,119
Financial instruments at fair value through profit or loss			
Securities	5.a	131,935	121,954
Loans and repurchase agreements	5.a	196,927	183,716
Derivative financial instruments	5.a	247,287	232,895
Derivatives used for hedging purposes	5.b	12,452	9,810
Financial assets at fair value through equity			
Debt securities	5.c	50,403	53,838
Equity securities	5.c	2,266	2,151
Financial assets at amortised cost			
Loans and advances to credit institutions	5.e	21,692	19,556
Loans and advances to customers	5.e	805,777	765,871
Debt securities	5.e	108,454	75,073
Remeasurement adjustment on interest-rate risk hedged portfolios		4,303	2,787
Financial investments of insurance activities	5.i	257,818	232,308
Current and deferred tax assets	5.k	6,813	7,220
Accrued income and other assets	5.l	113,535	103,346
Equity-method investments	5.m	5,952	5,772
Property, plant and equipment and investment property	5.n	32,295	26,652
Intangible assets	5.n	3,852	3,783
Goodwill	5.o	7,817	8,487
Non-current assets held for sale	8.c		498
<b>TOTAL ASSETS</b>		<b>2,164,713</b>	<b>2,040,836</b>
<b>LIABILITIES</b>			
Deposits from central banks		2,985	1,354
Financial instruments at fair value through profit or loss			
Securities	5.a	65,490	75,189
Deposits and repurchase agreements	5.a	215,093	204,039
Issued debt securities	5.a	63,758	54,908
Derivative financial instruments	5.a	237,885	225,804
Derivatives used for hedging purposes		14,116	11,677
Financial liabilities at amortised cost			
Deposits from credit institutions	5.g	84,566	78,915
Deposits from customers	5.g	834,667	796,548
Debt securities	5.h	157,578	151,451
Subordinated debt	5.h	20,003	17,627
Remeasurement adjustment on interest-rate risk hedged portfolios		3,989	2,470
Current and deferred tax liabilities	5.k	3,566	2,255
Accrued expenses and other liabilities	5.l	102,749	89,562
Technical reserves and other insurance liabilities	5.j	236,937	213,691
Provisions for contingencies and charges	5.p	9,486	9,620
<b>TOTAL LIABILITIES</b>		<b>2,052,868</b>	<b>1,935,110</b>
<b>EQUITY</b>			
Share capital, additional paid-in capital and retained earnings		97,135	93,431
Net income for the period attributable to shareholders		8,173	7,526
<b>Total capital, retained earnings and net income for the period attributable to shareholders</b>		<b>105,308</b>	<b>100,957</b>
Changes in assets and liabilities recognised directly in equity		2,145	510
<b>Shareholders' equity</b>		<b>107,453</b>	<b>101,467</b>
<b>Minority interests</b>	8.d	<b>4,392</b>	<b>4,259</b>
<b>TOTAL EQUITY</b>		<b>111,845</b>	<b>105,726</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,164,713</b>	<b>2,040,836</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

In millions of euros	Notes	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Pre-tax income</b>		<b>11,394</b>	<b>10,208</b>
<b>Non-monetary items included in pre-tax net income and other adjustments</b>		<b>13,413</b>	<b>9,713</b>
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		6,108	5,144
Impairment of goodwill and other non-current assets		796	(133)
Net addition to provisions		11,071	10,210
Share of earnings of equity-method entities		(586)	(628)
Net (income) from investing activities		(1,585)	(660)
Net (income) from financing activities		(830)	(501)
Other movements		(1,561)	(3,719)
<b>Net decrease in cash related to assets and liabilities generated by operating activities</b>		<b>(75,644)</b>	<b>(20,439)</b>
Net decrease in cash related to transactions with customers and credit institutions		(14,723)	(1,104)
Net decrease in cash related to transactions involving other financial assets and liabilities		(51,042)	(13,276)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(7,945)	(4,823)
Taxes paid		(1,934)	(1,236)
<b>NET DECREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES</b>		<b>(50,837)</b>	<b>(518)</b>
Net increase in cash related to acquisitions and disposals of consolidated entities		1,675	3,152
Net decrease related to property, plant and equipment and intangible assets		(1,998)	(1,827)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES</b>		<b>(323)</b>	<b>1,325</b>
Decrease in cash and equivalents related to transactions with shareholders		(3,987)	(4,039)
Increase in cash and equivalents generated by other financing activities		24,128	9,865
<b>NET INCREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES</b>		<b>20,141</b>	<b>5,826</b>
<b>EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS</b>		<b>714</b>	<b>1,529</b>
<b>NON-MONETARY IMPACTS FROM NON-CURRENT ASSETS HELD FOR SALE</b>		<b>-</b>	<b>(700)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>		<b>(30,305)</b>	<b>7,462</b>
<b>Balance of cash and equivalent accounts at the start of the period</b>		<b>182,523</b>	<b>175,061</b>
Cash and amounts due from central banks		185,134	178,446
Due to central banks		(1,354)	(1,471)
On demand deposits with credit institutions		8,813	8,063
On demand loans from credit institutions	5.g	(10,571)	(9,906)
Deduction of receivables and accrued interest on cash and equivalents		501	(71)
<b>Balance of cash and equivalent accounts at the end of the period</b>		<b>152,218</b>	<b>182,523</b>
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	5.g	(9,072)	(10,571)
Deduction of receivables and accrued interest on cash and equivalents		152	501
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>		<b>(30,305)</b>	<b>7,462</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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			
	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
<b>Capital and retained earnings at 1 January 2018</b>	27,051	8,172	62,416	97,639	561	(323)	68	306
<b>Appropriation of net income for 2017</b>			(3,772)	(3,772)				
Increases in capital and issues	49	660	(2)	707				
Reduction or redemption of capital		(600)		(600)				
Movements in own equity instruments	(64)	(2)	(142)	(208)				
Share-based payment plans			2	2				
Remuneration on preferred shares and undated super subordinated notes			(356)	(356)				
Impact of internal transactions on minority shareholders			6	6				
Movements in consolidation scope impacting minority shareholders (note 8.d)			(37)	(37)			37	37
Acquisitions of additional interests or partial sales of interests (note 8.d)			71	71			9	9
Change in commitments to repurchase minority shareholders interests			(6)	(6)				
Other movements			(8)	(8)				
Realised gains or losses reclassified to retained earnings			(7)	(7)		7		7
Changes in assets and liabilities recognised directly in equity					(158)	134	96	72
<b>Net income for 2018</b>			7,526	7,526				
Interim dividend payments								
<b>Capital and retained earnings at 31 December 2018</b>	27,036	8,230	65,691	100,957	403	(182)	210	431
Effect of IFRS 16 first time adoption (note 2.)			(141)	(141)				
<b>Capital and retained earnings at 1 January 2019</b>	27,036	8,230	65,550	100,816	403	(182)	210	431
<b>Appropriation of net income for 2018</b>			(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				
Share-based payment plans								
Remuneration on preferred shares and undated super subordinated notes			(401)	(401)				
Impact of internal transactions on minority shareholders (note 8.d)			(1)	(1)				
Acquisitions of additional interests or partial sales of interests (note 8.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
<b>Net income for 2019</b>			8,173	8,173				
<b>Capital and retained earnings at 31 December 2019</b>	27,070	8,689	69,549	105,308	511	(163)	160	508

**BETWEEN 1 JANUARY 2018 AND 31 DECEMBER 2019**

Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss					Total shareholders' equity	Minority interests (note 8.d)	Total equity
Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Total			
(2,192)	589	1,947	1,137	1,481	99,426	5,126	104,552
				-	(3,772)	(160)	(3,932)
				-	707	4	711
				-	(600)		(600)
				-	(208)		(208)
				-	2		2
				-	(356)	(2)	(358)
				-	6	(6)	-
				-	-	(1,299)	(1,299)
(29)	10			(19)	61	307	368
				-	(6)	(165)	(171)
				-	(8)	11	3
				-	-		-
(252)	(398)	(418)	(315)	(1,383)	(1,311)	(4)	(1,315)
				-	7,526	479	8,005
				-	-	(32)	(32)
(2,473)	201	1,529	822	79	101,467	4,259	105,726
				-	(141)	(5)	(146)
(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

# 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 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<sup>1</sup>. 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” and to insurance contracts as required by IFRS 4 “Insurance Contracts”, along with information on regulatory capital required by IAS 1 “Presentation of Financial Statements” are presented in Chapter 5 of the Universal Registration Document. This information, which is an integral part of the notes to the BNP Paribas Group’s consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word “Audited”.

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

IFRS 16 supersedes IAS 17 « Leases » and the interpretations relating to the accounting of such contracts. It defines new accounting principles applicable to lease contracts for the lessee, that rely on both the identification of an asset and the control of the right to use the identified asset by the lessee.

The standard requires the recognition in the balance-sheet of the lessee of all lease contracts, in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets are amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period. The main change induced by this new standard is related to contracts which, under IAS 17, met the definition of operating leases, and as such, did not require recognition of the leased assets in the balance sheet.

The main impact in the profit and loss account is the replacement of rental expenses previously accounted for on a linear basis in operating expenses by additional interest expenses in Net Banking Income in relation with lease liabilities, and the recognition of additional amortizing expenses in relation with rights-of-use.

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



Detailed accounting principles applicable by the Group as lessee are presented in note 1.h.2. The detail of the impacts of the first application of the standard is presented in note 2.

From the lessor's point of view, the impact is limited, as the requirements of IFRS 16 remain mostly unchanged from IAS 17.

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;

At the end of its meeting of 26 November 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 application of this decision should have a non significant impact for the Group and will be applied in 2020.

- The Group has applied IFRIC 23 "Uncertainty over income tax treatment" for the preparation of its consolidated financial statements for the financial year 2019. The consequence of this standard is the reclassification in current and deferred tax liabilities of provisions for uncertainties relating to income tax.
- Since 1st January 2018, the Group has anticipated the application of amendments to IFRS 9: "Prepayment Features with Negative Compensation."
- In September 2019, the IASB issued amendments to IAS 39 and IFRS 7, modifying specific hedge accounting requirements to allow hedge accounting to continue for hedges affected by the reform during the period of 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 mandatorily applicable for annual reporting periods beginning on or after 1 January 2020, however early application is possible and is the option chosen by the Group, for its existing hedge accounting relationships to continue.

Fair value and cash flow hedge relationships documented by the Group are in regard of the benchmark rates in the scope of the reform, mainly the Eonia, Euribor, and Libor rates. For these hedging relationships, hedged items and hedging derivatives will progressively be amended to incorporate the new benchmark rates. The Group considers that the amendments to IAS 39 and IFRS 7 are applicable when there is uncertainty about future cash flows. It is the case when the contractual terms of the hedged instruments or of the hedging instruments have not yet been amended (for instance with the inclusion of a fallback clause), or, if they were amended, if the terms and date of the transition to the new benchmark rates have not been clearly specified.

The Group put in place a Group-wide IBORs transition program mid-2018 involving all BNP Paribas business lines and functions.

This program is in charge of framing and implementing the transition from legacy IBOR rates (mostly LIBORs and EONIA) to the new risk-free rates in all relevant jurisdictions and currencies, whilst managing the various risks resulting from this transition, and meeting deadlines set by relevant authorities. Group representatives contribute to most industry working groups established in conjunction with the various central banks and financial regulators.

The notional amount of the hedging instruments involved in the hedging relationships impacted by the interest rate benchmark reform is the sum of notional amounts disclosed in note 5b "Derivatives used for hedging purposes".

The introduction of other standards, amendments and interpretations which are mandatory as of 1 January 2019 did not have an effect on the 2019 financial statements.

Except for the IFRS 9, IAS 39 and IFRS 7 amendments mentioned above, the Group did not anticipate the application of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2019 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 2021<sup>2</sup>, 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.

## **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.

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<sup>(2)</sup> On 26 June 2019, the IASB published an exposure draft “Amendments to IFRS 17” including in particular the deferral of the mandatory initial application of IFRS 17 to 1 January 2022.

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<sup>3</sup> 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.

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<sup>(3)</sup> As defined by IAS 36.

- Testing cash-generating units for impairment

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

- Recoverable amount of a cash-generating unit

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

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

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by 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<sup>4</sup> 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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<sup>(4)</sup> 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.

#### **Commissions**

The group records commission income and expenses 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 recognized 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.

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**

The 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 regularized since.

The principles applied to assess the significant increase in credit risk are detailed in note 3.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)*

The Loss Given Default is the difference between the contractual cash-flows and the 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.

The LGD used for IFRS 9 purpose is derived from the Basel LGD parameter. It is retreated from downturn and conservatism margins (in particular regulatory margins), except 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 3.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”.

Modifications of financial assets that are not due to the borrower's financial difficulties (i.e. commercial renegotiations) are generally analysed as the early prepayment of the former financial asset, which is then derecognised, followed by the set-up of a new financial asset at market conditions.

**1.e.6 COST OF RISK**

Cost of risk includes the following items of income:

- 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 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.

**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 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”: “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” adopted by the European Union on 3 November 2017 provides the option for entities that predominantly undertake insurance activities to defer the effective date of IFRS 9<sup>5</sup> until 1 January 2021. 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, which was limited to groups that predominantly undertook insurance activities according to the IASB amendment, has been extended to the insurance sector of financial conglomerates as defined by the Directive 2002/87/EC as adopted by the European Union. This exemption is subject to conditions, notably the absence of internal transfer 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 2020.

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.

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<sup>(5)</sup> On 26 June 2019, the IASB published an exposure draft “Amendments to IFRS 17” including in particular the deferral of the mandatory initial application of IFRS 17 as well as the deferral of the expiry date for the temporary exemption from IFRS 9 to 1 January 2022.

**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 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 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 recognized in the balance-sheet in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right of use assets are amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period. Dismantling costs corresponding to specific and significant fittings and fixtures are included in the initial right-of-use estimation, in counterparty of a provision liability.

The key hypothesis used by 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. For contracts with no enforceable period and which are renewable tacitly, related right of use and lease liabilities are recognised based on the termination period if this period is more than twelve months. For contracts with an initial enforceable period of at least one year, which are renewable tacitly for this enforceable period or another enforceable period as long as the notice of termination has not been given, related right of use and lease liabilities are recognised at each date of renewal of an enforceable period.
- 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.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

- **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.

## 1.1 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.

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. EFFECT OF IFRS 16 FIRST TIME ADOPTION

As of 1 January 2019, BNP Paribas Group has applied the new accounting standard IFRS 16 “Leases”. The Group decided to apply the simplified retrospective transition requirement, with the cumulative effect in equity. This impact in equity results from the difference between:

- A right of use and its amortisation as if the standard had been applied since the origination of the contract, discounted at the standard first application date;
- A lease liability discounted at the standard first application date.

The discount rate applied for the measurement of both the right of use and the lease liability is the incremental borrowing rate based on the residual maturity of each contract at the date of the initial application of the standard. The average discount rates used on 1 January 2019 is 1.96%.

The Group has applied the main simplification measures offered by the standard when applying the simplified retrospective transition method, in particular the absence of accounting for a right-of-use for contracts whose residual maturity is lower than twelve months at transition date.

As part of the set up of this standard, the Group has identified rights of use of leased assets. A good is considered to be leased if the contract confers the right for the lessee, to control the use of a particular asset for a certain period of time for a consideration. In each case, the Group assessed :

- the identifiable nature of the asset, which presupposes that the lessor has no substantial right of substitution at the date of the contract;
- the effective nature of the control on the asset, which presumes for the lessor the right to obtain substantially all of the economic benefits arising from use of the asset, as well as the ability to decide on its use.

Where the lease also contains a non-rental component such as the provision of services, only the share of the rental corresponding to the rental component is taken into account by the Group in the valuation of the Right of Use. The identification of rental or non-rental component is carried out on the basis of their individual contract price or otherwise on the basis of the observable comparable information.

For the calculation of the lease liability, the Group retains amounts, excluding value added tax of the following elements:

- fixed rents;
- variable rents dependent on an index, such as the construction index, or an interest rate;
- as well as all expected residual value guarantee payments, the exercise price of call options and termination penalties.

Rents based on usage level or performance of a good are excluded from the calculation of the lease liability.

The lease contracts identified are essentially property leases, and to a lesser extent computer and banking equipment leases and vehicles leases. Property leases encompass either commercial agencies for retail banking, or operating offices (office buildings, head offices ...) in France or abroad.

The Group made the choice not to apply the exemption to the accounting of initial deferred tax assets (DTA) and deferred liabilities (DTL) permitted by paragraphs 15 and 24 of IAS 12 “Income taxes”. Consequently, distinct deferred tax assets and deferred tax liabilities will be accounted for with regards to the balance sheet amounts of rights of use and lease liabilities of the lessee.

The main impacts on the balance-sheet are a negative effect of EUR 146 million (net of tax) in equity, an increase of fixed assets by EUR 3,357 million, the recognition of a lease liability of EUR 3,568 million and an increase of deferred tax assets by EUR 45 million (after compensation of DTA and DTL in accordance with the principles detailed in section 1.m Current and deferred tax).

The following table presents the balance-sheet accounts impacted by the first application of IFRS 16.

In millions of euros	31 December 2018	Effect of the IFRS 16 adoption	1st January 2019
<b>ASSETS</b>			
Current and deferred tax assets	7,220	45	7,265
Accrued income and other assets	103,346	7	103,353
Property, plant and equipment and investment property	26,652	3,357	30,009
<i>Of which gross value</i>	42,006	6,639	48,645
<i>Of which accumulated depreciation, amortisation and impairment</i>	(15,354)	(3,282)	(18,636)
<b>TOTAL EFFECT ON ASSETS</b>		<b>3,409</b>	
<b>LIABILITIES</b>			
Deposits from credit institutions	78,915	(11)	78,904
Current and deferred tax liabilities	2,255	(2)	2,253
Accrued expenses and other liabilities	89,562	3,568	93,130
<b>Total effect on liabilities</b>		<b>3,555</b>	
<b>EQUITY</b>			
Shareholders' equity	101,467	(141)	101,326
Minority interests	4,259	(5)	4,254
<b>Total effect on equity</b>		<b>(146)</b>	
<b>TOTAL EFFECT ON LIABILITIES</b>		<b>3,409</b>	

### 3. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3.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 millions of euros	Year to 31 Dec. 2019			Year to 31 Dec. 2018		
	Income	Expense	Net	Income	Expense	Net
<b>Financial instruments at amortised cost</b>	<b>30,715</b>	<b>(12,278)</b>	<b>18,437</b>	<b>29,115</b>	<b>(10,482)</b>	<b>18,633</b>
Deposits, loans and borrowings	27,790	(9,083)	18,707	26,957	(8,069)	18,888
Repurchase agreements	186	(88)	98	152	(59)	93
Finance leases	1,398	(86)	1,312	1,312	(73)	1,239
Debt securities	1,341		1,341	694		694
Issued debt securities and subordinated debt		(3,021)	(3,021)		(2,281)	(2,281)
<b>Financial instruments at fair value through equity</b>	<b>1,076</b>	<b>-</b>	<b>1,076</b>	<b>965</b>	<b>-</b>	<b>965</b>
Debt securities	1,076		1,076	965		965
<b>Financial instruments at fair value through profit or loss (Trading securities excluded)</b>	<b>63</b>	<b>(347)</b>	<b>(284)</b>	<b>42</b>	<b>(442)</b>	<b>(400)</b>
<b>Cash flow hedge instruments</b>	<b>2,746</b>	<b>(1,159)</b>	<b>1,587</b>	<b>2,941</b>	<b>(1,369)</b>	<b>1,572</b>
<b>Interest rate portfolio hedge instruments</b>	<b>2,727</b>	<b>(2,349)</b>	<b>378</b>	<b>2,660</b>	<b>(2,368)</b>	<b>292</b>
<b>Lease liabilities</b>	<b>-</b>	<b>(67)</b>	<b>(67)</b>			
<b>Total interest income/(expense)</b>	<b>37,327</b>	<b>(16,200)</b>	<b>21,127</b>	<b>35,723</b>	<b>(14,661)</b>	<b>21,062</b>

Interest income on individually impaired loans amounted to EUR 432 million for the year ended 31 December 2019, compared to EUR 454 million for the year ended 31 December 2018.

**3.b COMMISSION INCOME AND EXPENSE**

In millions of euros	Year to 31 Dec. 2019			Year to 31 Dec. 2018		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	4,535	(1,246)	3,289	4,406	(1,157)	3,249
Securities and derivatives transactions	1,751	(1,283)	468	1,729	(1,187)	542
Financing and guarantee commitments	1,276	(59)	1,217	1,102	(44)	1,058
Asset management and other services	4,769	(288)	4,481	4,723	(246)	4,477
Others	934	(1,024)	(90)	965	(1,084)	(119)
<b>Commission income/expense</b>	<b>13,265</b>	<b>(3,900)</b>	<b>9,365</b>	<b>12,925</b>	<b>(3,718)</b>	<b>9,207</b>
- 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	2,753	(210)	2,543	2,834	(261)	2,573
- of which commission income and expense on financial instruments not measured at fair value through profit or loss	3,105	(490)	2,615	3,005	(427)	2,578

### 3.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Financial instruments held for trading</b>	11,768	(1,470)
Interest rate and credit instruments	7,489	1,975
Equity financial instruments	3,562	(2,926)
Foreign exchange financial instruments	2,203	1,432
Loans and repurchase agreements	(1,573)	(1,126)
Other financial instruments	87	(825)
<b>Financial instruments designated as at fair value through profit or loss</b>	<b>(5,217)</b>	<b>6,756</b>
<b>Other financial instruments at fair value through profit or loss</b>	<b>585</b>	<b>533</b>
Debt instruments	5	(38)
Equity instruments	580	571
<b>Impact of hedge accounting</b>	<b>(25)</b>	<b>(11)</b>
Fair value hedging derivatives	1,014	134
Hedged items in fair value hedge	(1,039)	(145)
<b>Net gain on financial instruments at fair value through profit or loss</b>	<b>7,111</b>	<b>5,808</b>

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 gains on financial instruments held for trading in 2019 and 2018 include a non-material amount related to the ineffective portion of cash flow hedges.

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

Cumulated changes in fair value related to discontinued cash flow hedge relationships, previously recognised in equity and included in 2019 profit and loss account were not material, whether the hedged item ceased to exist or not.

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

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Net gain on debt instruments <sup>(1)</sup>	234	213
Dividend income on equity instruments	116	102
<b>Net gain on financial instruments at fair value through equity</b>	<b>350</b>	<b>315</b>

<sup>(1)</sup> Interest income from debt instruments is included in "Net interest income" (note 3.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 3.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 194 million for the year ended 31 December 2019, compared with EUR 110 million for the year ended 31 December 2018.



### 3.e NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Premiums earned	24,183	27,026
Net gain from investment contracts with discretionary participation feature and other services	32	29
Net income / (expense) from financial investments	14,858	(2,133)
Technical charges related to contracts	(32,423)	(18,487)
Net charges from ceded reinsurance	(118)	(267)
Policy benefit expenses	(2,095)	(2,104)
<b>Net income from insurance activities</b>	<b>4,437</b>	<b>4,064</b>

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Net gain on available-for-sale financial assets	3,273	3,501
<i>Interest income and dividends</i>	3,040	3,109
<i>Additions to impairment provisions</i>	(160)	(33)
<i>Net disposal gains</i>	393	425
Net gain/(loss) on financial instruments at fair value through profit or loss	11,278	(6,002)
Net gain on financial instruments at amortised cost	106	213
Investment property income	200	155
Share of earnings of equity-method investments	5	7
Other expense	(4)	(7)
<b>Net income / (expense) from financial investments</b>	<b>14,858</b>	<b>(2,133)</b>

### 3.f NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2019			Year to 31 Dec. 2018		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	155	(34)	121	165	(69)	96
Net income from assets held under operating leases	10,648	(9,090)	1,558	9,845	(8,406)	1,439
Net income from property development activities	1,069	(867)	202	898	(676)	222
Other net income	1,630	(1,307)	323	1,416	(1,108)	308
<b>Total net income from other activities</b>	<b>13,502</b>	<b>(11,298)</b>	<b>2,204</b>	<b>12,324</b>	<b>(10,259)</b>	<b>2,065</b>

### 3.g OTHER OPERATING EXPENSES

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
External services and other operating expenses	(9,495)	(10,498)
Taxes and contributions <sup>(1)</sup>	(1,844)	(1,792)
<b>Total other operating expenses</b>	<b>(11,339)</b>	<b>(12,290)</b>

<sup>(1)</sup> Contributions to European resolution funds, including exceptional contributions, amount to EUR 646 million for the year ended 31 December 2019 compared with EUR 607 million for the year ended 31 December 2018.

### 3.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 is 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 credit 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 macroeconomic, sectorial or 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 risk 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 scenario.

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 with a 3-year 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. It is designed by Group Economic Research in collaboration with various experts within the Group. Projections are provided for key markets of the Group, through main macroeconomic variables (GDP and its components, unemployment rate, consumer prices, interest rates, foreign exchange rates, oil prices, real estate prices etc.) which are drivers for risk parameter models used downstream in the credit stress testing process;

- an adverse scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much more unfavourable economic path than in the baseline scenario. The starting point is a shock on GDP. This shock on GDP is applied with variable magnitudes, but simultaneously among economies when the crisis considered is a global contemporaneous crisis. These assumptions are broadly consistent with those proposed by the regulators. Other variables (unemployment, inflation, interest rate) are deducted on the basis of econometric relationships 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 rate) are deducted in the same way as in the adverse scenario.

The adverse scenario assumes that a number of risks for the economy materialise, leading to a much poorer economic trajectory than in the reference scenario. The assumptions used for the adverse scenario at 31 December 2019 are as follows:

- negative impact on international trade from the trade dispute between the United States and China and its consequences for financial markets;
- Brexit-related risks: uncertainty surrounding the terms of the future relationship between the United Kingdom and the European Union remains high. The United Kingdom could suffer disruption in some sectors with higher uncertainty impacting investment and consumption, weaker commercial momentum, financial tensions and negative impacts on real estate markets. The euro zone would also be affected by negative Brexit impacts;
- possible tensions in the euro zone related to public finances: high public debt ratios in some countries at a time when activity could slow;
- significant correction to some stock and real estate markets: with a slowing growth cycle, a correction could affect some markets;
- geopolitical risks: tensions in the Middle East could affect the global economy with price shocks impacting raw materials and business confidence;
- difficulties in emerging markets: some emerging markets have internal economic imbalances, owing to the strength of the US dollar, political changes at a national level and deteriorating international relations. In some cases, activity could be more affected than currently estimated;
- slowdown in China: a more pronounced slowdown in activity than anticipated or a further deterioration in public finance ratios and levels of external sales, could have an impact on financial markets at a global level, affecting global trade and the price of raw materials.

The effect of the adverse scenario on GDP growth in OECD countries is reflected in the gap vis-à-vis the central scenario after three years of between -6% and -12% according to the country and, in particular, -7% on average in terms of euro zone growth and -6% in terms of United States growth.

At 31 December 2019, the weighting of the adverse scenario is 26% for the Group (24% for the favourable scenario), reflecting a position above the average of the credit cycle, with a very favourable level in its domestic markets offset by a global economic slowdown, particularly in emerging countries.

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

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Net allowances to impairment	(2,649)	(2,490)
Recoveries on loans and receivables previously written off	429	483
Losses on irrecoverable loans	(983)	(757)
<b>Total cost of risk for the period</b>	<b>(3,203)</b>	<b>(2,764)</b>

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

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Cash and balances at central banks	(1)	(5)
Financial instruments at fair value through profit or loss	4	(32)
Financial assets at fair value through equity		(12)
Financial assets at amortised cost	(3,050)	(2,690)
<i>Loans and receivables</i>	(3,057)	(2,648)
<i>Debt securities</i>	7	(42)
Other assets	(4)	(5)
Financing and guarantee commitments and other items	(152)	(20)
<b>Total cost of risk for the period</b>	<b>(3,203)</b>	<b>(2,764)</b>
<i>Cost of risk on unimpaired assets and commitments</i>	37	195
<i>of which stage 1</i>	(161)	(155)
<i>of which stage 2</i>	198	350
<i>Cost of risk on impaired assets and commitments - stage 3</i>	(3,240)	(2,959)

- **Credit risk impairment**

Change in impairment by accounting category and asset type during the 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
<b>Assets impairment</b>					
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
<i>Loans and receivables</i>	24,232	2,591	(5,560)	14	21,277
<i>Debt securities</i>	130	(9)		13	134
Other assets	80	10			90
<b>Total impairment of financial assets</b>	<b>24,788</b>	<b>2,554</b>	<b>(5,560)</b>	<b>24</b>	<b>21,806</b>
<i>of which stage 1</i>	1,581	124	(2)	(27)	1,676
<i>of which stage 2</i>	3,325	(210)	(10)	40	3,145
<i>of which stage 3</i>	19,882	2,640	(5,548)	11	16,985
<b>Provisions recognised as liabilities</b>					
Provisions for commitments	775	45		(2)	818
Other provisions	417	50	(32)	(19)	416
<b>Total provisions recognised for credit commitments</b>	<b>1,192</b>	<b>95</b>	<b>(32)</b>	<b>(21)</b>	<b>1,234</b>
<i>of which stage 1</i>	237	22			259
<i>of which stage 2</i>	220	5			225
<i>of which stage 3</i>	735	68	(32)	(21)	750
<b>Total impairment and provisions</b>	<b>25,980</b>	<b>2,649</b>	<b>(5,592)</b>	<b>3</b>	<b>23,040</b>

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

In millions of euros,	1 January 2018 IFRS 9 & IFRS 15	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2018 IFRS 9 & IFRS 15
<b>Assets impairment</b>					
Amounts due from central banks	13	5		(3)	15
Financial instruments at fair value through profit or loss	190	(41)		42	191
Impairment of assets at fair value through equity	131	12	(1)	(2)	140
Financial assets at amortised cost	27,658	2,527	(5,637)	(186)	24,362
<i>Loans and receivables</i>	27,556	2,489	(5,626)	(187)	24,232
<i>Debt securities</i>	102	38	(11)	1	130
Other assets	75	4	(1)	2	80
<b>Total impairment of financial assets</b>	<b>28,067</b>	<b>2,507</b>	<b>(5,639)</b>	<b>(147)</b>	<b>24,788</b>
<i>of which stage 1</i>	1,477	145	(2)	(39)	1,581
<i>of which stage 2</i>	3,707	(291)	(12)	(79)	3,325
<i>of which stage 3</i>	22,883	2,653	(5,625)	(29)	19,882
<b>Provisions recognised as liabilities</b>					
Provisions for commitments	763	(9)	(66)	87	775
Other provisions	514	(8)	(50)	(39)	417
<b>Total provisions recognised for credit commitments</b>	<b>1,277</b>	<b>(17)</b>	<b>(116)</b>	<b>48</b>	<b>1,192</b>
<i>of which stage 1</i>	201	10	(1)	27	237
<i>of which stage 2</i>	265	(49)		4	220
<i>of which stage 3</i>	811	22	(115)	17	735
<b>Total impairment and provisions</b>	<b>29,344</b>	<b>2,490</b>	<b>(5,755)</b>	<b>(99)</b>	<b>25,980</b>

## Change in impairment of amortised cost financial assets during the 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
<b>At 31 December 2018</b>	<b>1,549</b>	<b>3,302</b>	<b>19,511</b>	<b>24,362</b>
<b>Net allowance to impairment</b>	<b>123</b>	<b>(208)</b>	<b>2,667</b>	<b>2,582</b>
Financial assets purchased or originated during the period	580	369	3	952
Financial assets derecognised during the period <sup>(1)</sup>	(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 <sup>(2)</sup>	(179)	(312)	1,761	1,270
<b>Impairment provisions used</b>	<b>(2)</b>	<b>(9)</b>	<b>(5,549)</b>	<b>(5,560)</b>
<b>Effect of exchange rate movements and other items</b>	<b>(29)</b>	<b>38</b>	<b>18</b>	<b>27</b>
<b>At 31 December 2019</b>	<b>1,641</b>	<b>3,123</b>	<b>16,647</b>	<b>21,411</b>

<sup>(1)</sup> including disposals

<sup>(2)</sup> including amortisation

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

In millions of euros IFRS 9 & IFRS 15	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
<b>At 1 January 2018</b>	<b>1,445</b>	<b>3,691</b>	<b>22,522</b>	<b>27,658</b>
<b>Net allowance to impairment</b>	<b>142</b>	<b>(300)</b>	<b>2,685</b>	<b>2,527</b>
Financial assets purchased or originated during the period	578	348		926
Financial assets derecognised during the period <sup>(1)</sup>	(179)	(278)	(334)	(791)
Transfer to stage 2	(133)	1,687	(415)	1,139
Transfer to stage 3	(68)	(676)	2,104	1,360
Transfer to stage 1	111	(667)	(98)	(654)
Other allowances / reversals without stage transfer <sup>(2)</sup>	(167)	(714)	1,428	547
<b>Impairment provisions used</b>	<b>(2)</b>	<b>(12)</b>	<b>(5,623)</b>	<b>(5,637)</b>
<b>Effect of exchange rate movements and other items</b>	<b>(36)</b>	<b>(77)</b>	<b>(73)</b>	<b>(186)</b>
<b>At 31 December 2018</b>	<b>1,549</b>	<b>3,302</b>	<b>19,511</b>	<b>24,362</b>

<sup>(1)</sup> including disposals

<sup>(2)</sup> including amortisation



**3.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. 2019		Year to 31 Dec. 2018	
	in millions of euros	tax rate	in millions of euros	tax rate
<b>Corporate income tax expense on pre-tax income at standard tax rate in France <sup>(1)</sup></b>	<b>(4,003)</b>	<b>34.4%</b>	<b>(3,280)</b>	<b>34.4%</b>
Impact of differently taxed foreign profits	541	-4.7%	456	-4.8%
Impact of changes in tax rates	77	-0.7%		
Impact of the securities taxation	571	-4.9%	362	-3.8%
Impact of the non-deductibility of taxes and bank levies <sup>(2)</sup>	(218)	1.9%	(209)	2.2%
Impact of previously unrecognised deferred taxes (tax losses and temporary differences)	76	-0.7%	86	-0.9%
Impact of using tax losses for which no deferred tax asset was previously recognised	4			
Other items	141	-1.1%	382	-4.0%
<b>Corporate income tax expense</b>	<b>(2,811)</b>	<b>24.2%</b>	<b>(2,203)</b>	<b>23.1%</b>
<i>Current tax expense for the year to 31 December</i>	<i>(2,615)</i>		<i>(1,691)</i>	
<i>Deferred tax expense for the year to 31 December (note 5.k)</i>	<i>(196)</i>		<i>(512)</i>	

<sup>(1)</sup> Restated for the share of profits in equity-method entities and goodwill impairment.

<sup>(2)</sup> Contribution to the Single Resolution Fund and non-deductible systemic bank levies.

## 4. 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 costs relating to the Group's cross-business savings programmes.

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.

In order to be comparable with 2019, the segment information for 2018 has been restated of the following main effects as if these had occurred on 1st January 2018.

1. Following the sale in 2018 of 43.6% of First Hawaiian Bank (FHB), the entity was no longer fully consolidated as from 1st August 2018 and was accounted according to the IFRS 5 standard as assets held for sale. It had been booked under the Corporate Centre from 1st October 2018. As a reminder, the remaining stake has been entirely sold on 25th January 2019.

FHB's contribution to Group results has been retroactively reallocated to the Corporate Centre from 1st January 2018, including the capital gain from the sale of FHB shares which was initially allocated to BancWest.

2. The internal transfer of Correspondent Banking activities has been made within CIB from Corporate Banking to Securities Services to reflect the organisational change.

These changes do not affect Group results as a whole but only the analytical breakdown of IFS (BancWest), CIB (Corporate Banking, Securities Services), and Corporate Centre.

**Income by business segment**

In millions of euros	Year to 31 Dec. 2019						Year to 31 Dec. 2018					
	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
<b>Retail Banking &amp; Services</b>												
<b>Domestic Markets</b>												
French Retail Banking <sup>(1)</sup>	6,050	(4,461)	(324)	1,266	7	1,273	6,035	(4,463)	(286)	1,285	(1)	1,284
BNL banca commerciale <sup>(1)</sup>	2,690	(1,753)	(490)	447	(5)	443	2,704	(1,752)	(593)	359	(3)	356
Belgian Retail Banking <sup>(1)</sup>	3,353	(2,378)	(56)	919	10	929	3,422	(2,418)	(42)	961	18	980
Other Domestic Markets activities <sup>(1)</sup>	3,169	(1,847)	(146)	1,175	(10)	1,165	2,972	(1,768)	(123)	1,081	(17)	1,064
<b>International Financial Services</b>												
Personal Finance	5,796	(2,857)	(1,354)	1,585	18	1,602	5,533	(2,764)	(1,186)	1,583	64	1,646
International Retail Banking												
<i>Europe-Mediterranean</i> <sup>(1)</sup>	2,690	(1,794)	(399)	497	231	728	2,351	(1,600)	(308)	443	241	684
<i>BancWest</i> <sup>(1)</sup>	2,309	(1,674)	(148)	487	(3)	484	2,226	(1,647)	(70)	510	2	512
Insurance	3,068	(1,500)	(3)	1,564	152	1,716	2,680	(1,406)	3	1,276	203	1,479
Wealth and Asset Management	3,320	(2,682)	(6)	632	63	695	3,286	(2,636)	(6)	644	37	681
<b>Corporate &amp; Institutional Banking</b>												
Corporate Banking	4,312	(2,599)	(223)	1,490	13	1,503	3,923	(2,493)	(32)	1,399	57	1,456
Global Markets	5,571	(4,231)	2	1,341	(6)	1,334	4,727	(3,937)	(19)	771	1	772
Securities Services	2,198	(1,833)	4	369		370	2,179	(1,733)	8	453		454
<b>Other Activities</b>	<b>71</b>	<b>(1,728)</b>	<b>(58)</b>	<b>(1,715)</b>	<b>867</b>	<b>(848)</b>	<b>479</b>	<b>(1,965)</b>	<b>(110)</b>	<b>(1,596)</b>	<b>437</b>	<b>(1,159)</b>
<b>Total Group</b>	<b>44,597</b>	<b>(31,337)</b>	<b>(3,203)</b>	<b>10,057</b>	<b>1,337</b>	<b>11,394</b>	<b>42,516</b>	<b>(30,583)</b>	<b>(2,764)</b>	<b>9,169</b>	<b>1,039</b>	<b>10,208</b>

<sup>(1)</sup> 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 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. 2019	Year to 31 Dec. 2018
<b>Retail Banking &amp; Services</b>		
<b>Domestic Markets</b>		
French Retail Banking <sup>(1)</sup>	2,558	2,573
BNL banca commerciale <sup>(1)</sup>	1,025	1,038
Belgian Retail Banking <sup>(1)</sup>	813	801
Other Domestic Markets activities <sup>(1)</sup>	376	362
<b>International Financial Services</b>		
Personal Finance	799	736
International Retail Banking	880	936
<i>Europe Mediterranean</i> <sup>(1)</sup>	578	510
<i>BancWest</i> <sup>(1)</sup>	302	427
Insurance	(3,448)	(3,400)
Wealth and Asset Management	2,207	2,192
<b>Corporate &amp; Institutional Banking</b>		
Corporate Banking	1,545	1,441
Global Markets	(790)	(718)
Securities Services	1,309	1,240
<b>Other activities</b>	48	8
<b>Total Group</b>	<b>7,323</b>	<b>7,208</b>

<sup>(1)</sup> 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 and the United States.

- **Assets and liabilities by business segment**

In millions of euros	31 December 2019		31 December 2018	
	Asset	Liability	Asset	Liability
<b>Retail Banking &amp; Services</b>				
Domestic Markets	480,313	498,948	465,519	472,763
French Retail Banking	195,462	198,097	193,865	188,781
BNL banca commerciale	81,276	69,821	80,709	65,844
Belgian Retail Banking	140,127	173,097	133,540	162,186
Other Domestic Markets activities	63,448	57,933	57,405	55,952
<b>International Financial Services</b>	<b>520,772</b>	<b>456,074</b>	<b>475,517</b>	<b>420,869</b>
Personal Finance	93,526	22,133	86,178	18,675
International Retail Banking	136,714	124,774	129,455	116,373
Europe-Mediterranean	58,901	53,642	57,674	51,712
BancWest	77,813	71,132	71,781	64,661
Insurance	257,818	240,061	232,308	222,021
Wealth and Asset Management	32,714	69,106	27,576	63,800
<b>Corporate and Institutional Banking</b>	<b>891,207</b>	<b>958,488</b>	<b>816,190</b>	<b>907,655</b>
<b>Other Activities</b>	<b>272,421</b>	<b>251,203</b>	<b>283,610</b>	<b>239,549</b>
<b>Total Group</b>	<b>2,164,713</b>	<b>2,164,713</b>	<b>2,040,836</b>	<b>2,040,836</b>

Information by business segment relating to goodwill is presented in note 5.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. 2019	Year to 31 Dec. 2018
Europe	33,495	31,699
North America	4,664	4,654
Asia & Pacific	3,210	3,000
Others	3,228	3,163
<b>Total Group</b>	<b>44,597</b>	<b>42,516</b>

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

In millions of euros	31 December 2019	31 December 2018
Europe	1,722,658	1,618,039
North America	256,269	246,419
Asia & Pacific	133,403	126,595
Others	52,383	49,783
<b>Total Group</b>	<b>2,164,713</b>	<b>2,040,836</b>

## 5. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2019

### 5.a FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives -, of certain liabilities designated by the 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.

	31 December 2019				31 December 2018			
	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
In millions of euros								
Securities	124,224		7,711	131,935	114,615		7,339	121,954
Loans and repurchase agreements	195,554		1,373	196,927	182,463		1,253	183,716
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>319,778</b>	<b>-</b>	<b>9,084</b>	<b>328,862</b>	<b>297,078</b>	<b>-</b>	<b>8,592</b>	<b>305,670</b>
Securities	65,490			65,490	75,189			75,189
Deposits and repurchase agreements	212,712	2,381		215,093	201,705	2,334		204,039
Issued debt securities (note 5.h)		63,758		63,758		54,908		54,908
<i>of which subordinated debt</i>		893		893		787		787
<i>of which non subordinated debt</i>		56,636		56,636		48,964		48,964
<i>of which debt representative of shares of consolidated funds held by third parties</i>		6,229		6,229		5,157		5,157
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>278,202</b>	<b>66,139</b>		<b>344,341</b>	<b>276,894</b>	<b>57,242</b>		<b>334,136</b>

Detail of these assets and liabilities is provided in note 5.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 2019 was EUR 58,729 million (EUR 56,435 million at 31 December 2018).

- **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 2019		31 December 2018	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	148,157	130,411	116,438	103,452
Foreign exchange derivatives	60,172	57,758	69,514	68,761
Credit derivatives	8,659	9,242	6,873	7,071
Equity derivatives	25,480	35,841	33,424	39,419
Other derivatives	4,819	4,633	6,646	7,101
<b>Derivative financial instruments</b>	<b>247,287</b>	<b>237,885</b>	<b>232,895</b>	<b>225,804</b>

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of 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 2019				31 December 2018			
	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	1,275,283	8,554,782	5,224,422	15,054,487	1,553,933	9,189,930	5,193,522	15,937,385
Foreign exchange derivatives	17,125	71,944	4,989,986	5,079,055	15,547	52,329	4,782,027	4,849,903
Credit derivatives		348,880	591,827	940,707		311,726	561,534	873,260
Equity derivatives	788,587		592,450	1,381,037	1,132,800	1,789	577,816	1,712,405
Other derivatives	151,049		85,006	236,055	99,510	58,004	94,202	251,716
<b>Derivative financial instruments</b>	<b>2,232,044</b>	<b>8,975,606</b>	<b>11,483,691</b>	<b>22,691,341</b>	<b>2,801,790</b>	<b>9,613,778</b>	<b>11,209,101</b>	<b>23,624,669</b>

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 936 billion as of 31 December 2019.

## 5.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 2019			31 December 2018		
	Notional amounts	Positive fair value	Negative fair value	Notional amounts	Positive fair value	Negative fair value
<b>Fair value hedges</b>	<b>741,647</b>	<b>10,702</b>	<b>13,113</b>	<b>639,707</b>	<b>8,079</b>	<b>10,706</b>
Interest rate derivatives	732,683	10,583	12,964	630,993	7,871	10,526
Foreign exchange derivatives	8,964	119	149	8,714	208	180
<b>Cash flow hedges</b>	<b>179,237</b>	<b>1,744</b>	<b>984</b>	<b>184,287</b>	<b>1,683</b>	<b>964</b>
Interest rate derivatives	67,143	1,476	340	58,666	1,233	358
Foreign exchange derivatives	111,773	236	613	125,306	439	496
Other derivatives	321	32	31	315	11	110
<b>Net foreign investment hedges</b>	<b>4,863</b>	<b>6</b>	<b>19</b>	<b>3,806</b>	<b>48</b>	<b>7</b>
Foreign exchange derivatives	4,863	6	19	3,806	48	7
<b>Derivatives used for hedging purposes</b>	<b>925,747</b>	<b>12,452</b>	<b>14,116</b>	<b>827,800</b>	<b>9,810</b>	<b>11,677</b>

Interest rate risk and foreign exchange risk management strategies are described in Chapter 5 – Pillar 3 of the Universal 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 2019:

	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffectiveness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
In millions of euros, as at 31 December 2019								
<b>Fair value hedges of identified instruments</b>	<b>250,198</b>	<b>4,249</b>	<b>6,825</b>	<b>(322)</b>	<b>112,836</b>	<b>3,442</b>	<b>104,315</b>	<b>3,310</b>
<b>Interest rate derivatives hedging the interest rate risk related to</b>	<b>242,612</b>	<b>4,170</b>	<b>6,697</b>	<b>(358)</b>	<b>110,439</b>	<b>3,443</b>	<b>98,717</b>	<b>3,267</b>
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
<b>Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to</b>	<b>7,586</b>	<b>79</b>	<b>128</b>	<b>36</b>	<b>2,397</b>	<b>(1)</b>	<b>5,598</b>	<b>43</b>
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
<b>Interest-rate risk hedged portfolios</b>	<b>491,449</b>	<b>6,453</b>	<b>6,288</b>	<b>(302)</b>	<b>133,606</b>	<b>4,255</b>	<b>170,673</b>	<b>3,940</b>
<b>Interest rate derivatives hedging the interest rate risk related to <sup>(1)</sup></b>	<b>490,071</b>	<b>6,413</b>	<b>6,267</b>	<b>(279)</b>	<b>132,342</b>	<b>4,229</b>	<b>170,673</b>	<b>3,940</b>
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
<b>Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to</b>	<b>1,378</b>	<b>40</b>	<b>21</b>	<b>(23)</b>	<b>1,264</b>	<b>26</b>	<b>-</b>	<b>-</b>
Loans and receivables	1,378	40	21	(23)	1,264	26	-	-
<b>Total fair value hedge</b>	<b>741,647</b>	<b>10,702</b>	<b>13,113</b>	<b>(624)</b>	<b>246,442</b>	<b>7,697</b>	<b>274,988</b>	<b>7,250</b>

<sup>(1)</sup>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.



	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffectiveness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
In millions of euros, as at 31 December 2018								
<b>Fair value hedges of identified instruments</b>	<b>203,795</b>	<b>3,150</b>	<b>5,702</b>	<b>(1,152)</b>	<b>94,412</b>	<b>3,131</b>	<b>91,100</b>	<b>2,323</b>
<b>Interest rate derivatives hedging the interest rate risk related to</b>	<b>196,753</b>	<b>3,070</b>	<b>5,543</b>	<b>(1,214)</b>	<b>93,045</b>	<b>3,116</b>	<b>85,948</b>	<b>2,253</b>
Loans and receivables	27,345	82	427	(385)	24,727	415	-	-
Securities	68,129	765	5,006	(2,843)	68,318	2,701	-	-
Deposits	16,155	831	18	823	-	-	16,327	820
Debt securities	85,124	1,392	92	1,191	-	-	69,621	1,433
<b>Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to</b>	<b>7,042</b>	<b>80</b>	<b>159</b>	<b>62</b>	<b>1,367</b>	<b>15</b>	<b>5,152</b>	<b>70</b>
Loans and receivables	1,270	125	12	(6)	1,270	12	-	-
Securities	100	1	6	(3)	97	3	-	-
Deposits	626	(16)	-	20	-	-	465	17
Debt securities	5,046	(30)	141	51	-	-	4,687	53
<b>Interest-rate risk hedged portfolios</b>	<b>435,912</b>	<b>4,929</b>	<b>5,004</b>	<b>(419)</b>	<b>90,299</b>	<b>2,781</b>	<b>154,412</b>	<b>2,458</b>
<b>Interest rate derivatives hedging the interest rate risk related to <sup>(1)</sup></b>	<b>434,240</b>	<b>4,801</b>	<b>4,983</b>	<b>(429)</b>	<b>88,789</b>	<b>2,792</b>	<b>154,412</b>	<b>2,458</b>
Loans and receivables	188,047	756	4,259	(2,941)	88,644	2,792	-	-
Securities	148	3	7	(2)	145	-	-	-
Deposits	246,045	4,042	717	2,514	-	-	154,412	2,458
<b>Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to</b>	<b>1,672</b>	<b>128</b>	<b>21</b>	<b>10</b>	<b>1,510</b>	<b>(11)</b>	<b>-</b>	<b>-</b>
Loans and receivables	1,672	128	21	10	1,510	(11)	-	-
<b>Total fair value hedge</b>	<b>639,707</b>	<b>8,079</b>	<b>10,706</b>	<b>(1,571)</b>	<b>184,711</b>	<b>5,912</b>	<b>245,512</b>	<b>4,781</b>

<sup>(1)</sup> 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 75,126 million for derivatives hedging loans and receivables and EUR 61,689 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 (for example, to exchange the variable rate index of the first instrument from Euribor to Eonia). 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 hedging instruments revaluation remaining to be amortised over the residual life of the hedged instruments amounts to EUR 47 million in assets as at 31 December 2019, and to EUR 49 million in liabilities, for hedges of portfolios of financial instruments. At 31 December 2018, these amounts were EUR 6 million in assets and 12 million in liabilities.

The notional amount of cash flow hedge derivatives is EUR 179 237 million as at 31 December 2019. Changes in assets and liabilities recognised directly in equity amount to EUR 1 416 million. At 31 December 2018, the notional amount of cash flow hedge derivatives was EUR 184 287 million and the changes in assets and liabilities recognised directly in equity amount was EUR 1 073 million.

The table below presents the nominal amounts of hedging derivatives by maturity:

In millions of euros, as at 31 December 2019	Maturity date			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<b>Fair value hedges</b>	<b>160,731</b>	<b>330,600</b>	<b>250,316</b>	<b>741,647</b>
Interest rate derivatives	157,154	326,038	249,491	732,683
Foreign exchange derivatives	3,577	4,562	825	8,964
<b>Cash flow hedges</b>	<b>116,676</b>	<b>38,757</b>	<b>23,804</b>	<b>179,237</b>
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
<b>Net foreign investment hedges</b>	<b>4,156</b>	<b>617</b>	<b>90</b>	<b>4,863</b>
Foreign exchange derivatives	4,156	617	90	4,863

The table below presents the nominal amounts of hedging derivatives by maturity at the previous period:

In millions of euros, as at 31 December 2018	Maturity date			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<b>Fair value hedges</b>	<b>121,642</b>	<b>327,622</b>	<b>190,443</b>	<b>639,707</b>
Interest rate derivatives	118,626	323,278	189,089	630,993
Foreign exchange derivatives	3,016	4,344	1,354	8,714
<b>Cash flow hedges</b>	<b>121,760</b>	<b>44,703</b>	<b>17,824</b>	<b>184,287</b>
Interest rate derivatives	8,456	37,884	12,326	58,666
Foreign exchange derivatives	113,165	6,643	5,498	125,306
Other derivatives	139	176		315
<b>Net foreign investment hedges</b>	<b>1,369</b>	<b>2,437</b>	<b>-</b>	<b>3,806</b>
Foreign exchange derivatives	1,369	2,437		3,806

**5.c FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY**

	31 December 2019		31 December 2018	
	Fair value	of which changes in value taken directly to equity	Fair value	of which changes in value taken directly to equity
In millions of euros				
<b>Debt securities</b>	<b>50,403</b>	<b>161</b>	<b>53,838</b>	<b>77</b>
Governments	29,820	176	32,818	243
Other public administrations	13,782	68	14,340	(74)
Credit institutions	4,323	(80)	4,149	(83)
Others	2,478	(3)	2,531	(9)
<b>Equity securities</b>	<b>2,266</b>	<b>565</b>	<b>2,151</b>	<b>451</b>
<b>Total financial assets at fair value through equity</b>	<b>52,669</b>	<b>726</b>	<b>55,989</b>	<b>528</b>

Debt securities at fair value through equity include EUR 117 million classified as stage 3 at 31 December 2019 (EUR 114 million at 31 December 2018). For these securities, the credit impairment recognised in the profit and loss account has been charged to the negative changes in value recognized in equity for EUR 113 million at 31 December 2019 (EUR 112 million at 31 December 2018).

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 2019, the Group did not sell any of these investments and no unrealised gains or losses were transferred to “retained earnings”.

## 5.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 collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate .

**Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment - DVA):** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, 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 through profit or loss is increased by EUR 220 million as at 31 December 2019, compared with an increase in value of EUR 244 million as at 31 December 2018, i.e. a EUR -24 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 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
<b>Securities</b>	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
<b>Loans and repurchase agreements</b>	-	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								
<b>FINANCIAL ASSETS AT FAIR VALUE</b>	<b>98,940</b>	<b>220,347</b>	<b>491</b>	<b>319,778</b>	<b>681</b>	<b>2,620</b>	<b>5,783</b>	<b>9,084</b>	<b>32,812</b>	<b>18,645</b>	<b>1,212</b>	<b>52,669</b>
<b>Securities</b>	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								
<b>Borrowings and repurchase agreements</b>	-	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								
<b>Issued debt securities (note 5.h)</b>	-	-	-	-	4,458	40,661	18,639	63,758	-	-	-	-
Subordinated debt (note 5.h)						893		893				
Non subordinated debt (note 5.h)						37,997	18,639	56,636				
Debt representative of shares of consolidated funds held by third parties					4,458	1,771		6,229				
<b>FINANCIAL LIABILITIES AT FAIR VALUE</b>	<b>62,581</b>	<b>215,179</b>	<b>442</b>	<b>278,202</b>	<b>4,458</b>	<b>42,863</b>	<b>18,818</b>	<b>66,139</b>				

In millions of euros	31 December 2018											
	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
<b>Securities</b>	89,253	25,121	241	114,615	625	1,969	4,745	7,339	43,105	11,927	957	55,989
Governments	41,404	7,733		49,137	3	246		249	29,905	2,913		32,818
Other debt securities	12,280	15,951	148	28,379		1,185	825	2,010	12,083	8,782	155	21,020
Equities and other equity securities	35,569	1,437	93	37,099	622	538	3,920	5,080	1,117	232	802	2,151
<b>Loans and repurchase agreements</b>	-	182,196	267	182,463	-	346	907	1,253	-	-	-	-
Loans		2,861		2,861		145	907	1,052				
Repurchase agreements		179,335	267	179,602		201		201				
<b>FINANCIAL ASSETS AT FAIR VALUE</b>	<b>89,253</b>	<b>207,317</b>	<b>508</b>	<b>297,078</b>	<b>625</b>	<b>2,315</b>	<b>5,652</b>	<b>8,592</b>	<b>43,105</b>	<b>11,927</b>	<b>957</b>	<b>55,989</b>
<b>Securities</b>	71,828	3,346	15	75,189	-	-	-	-	-	-	-	-
Governments	48,779	631		49,410								
Other debt securities	8,394	2,655	11	11,060								
Equities and other equity securities	14,655	60	4	14,719								
<b>Borrowings and repurchase agreements</b>	-	199,861	1,844	201,705	-	1,940	394	2,334	-	-	-	-
Borrowings		5,408		5,408		1,940	394	2,334				
Repurchase agreements		194,453	1,844	196,297								
<b>Issued debt securities (note 5.h)</b>	-	-	-	-	4,049	36,323	14,536	54,908	-	-	-	-
Subordinated debt (note 5.h)						787		787				
Non subordinated debt (note 5.h)						34,428	14,536	48,964				
Debt representative of shares of consolidated funds held by third parties					4,049	1,108		5,157				
<b>FINANCIAL LIABILITIES AT FAIR VALUE</b>	<b>71,828</b>	<b>203,207</b>	<b>1,859</b>	<b>276,894</b>	<b>4,049</b>	<b>38,263</b>	<b>14,930</b>	<b>57,242</b>				

31 December 2019								
In millions of euros	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
<b>Derivative financial instruments not used for hedging purposes</b>	<b>7,437</b>	<b>236,379</b>	<b>3,471</b>	<b>247,287</b>	<b>8,337</b>	<b>220,722</b>	<b>8,826</b>	<b>237,885</b>
<b>Derivative financial instruments used for hedging purposes</b>	<b>-</b>	<b>12,452</b>	<b>-</b>	<b>12,452</b>	<b>-</b>	<b>14,116</b>	<b>-</b>	<b>14,116</b>

31 December 2018								
In millions of euros	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	158	115,046	1,234	116,438	118	101,967	1,367	103,452
Foreign exchange derivatives	1	69,182	331	69,514	1	68,520	240	68,761
Credit derivatives		6,527	346	6,873		6,616	455	7,071
Equity derivatives	11,724	19,057	2,643	33,424	11,092	22,633	5,694	39,419
Other derivatives	990	5,468	188	6,646	1,133	5,628	340	7,101
<b>Derivative financial instruments not used for hedging purposes</b>	<b>12,873</b>	<b>215,280</b>	<b>4,742</b>	<b>232,895</b>	<b>12,344</b>	<b>205,364</b>	<b>8,096</b>	<b>225,804</b>
<b>Derivative financial instruments used for hedging purposes</b>	<b>-</b>	<b>9,810</b>	<b>-</b>	<b>9,810</b>	<b>-</b>	<b>11,677</b>	<b>-</b>	<b>11,677</b>

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 2019, 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, ...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.



**Level 2**

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

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

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

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

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

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

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

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

**Level 3**

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

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value which are classified in the Level 1 of the fair value hierarchy.

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 collateralized 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					
<b>Repurchase agreements</b>	134	333	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 77 pb	47 pb (b)
			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	10% to 71%	42% (b)
			Hybrid inflation rates / Interest rates derivatives	Hybrid inflation interest rate option pricing model	Correlation between interest rates and inflation rates mainly in Europe.	5% to 45%	39%
<b>Interest rate derivatives</b>	1,362	1,352	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	0.7% to 9%	(c)
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% to 1.8%	(c)
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modelling Discounted cash flows	Constant prepayment rates	0.3% to 0.6%	(c)
					Base correlation curve for bespoke portfolios	1.5% to 18%	4% (b)
			Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Inter-regions default cross correlation	29% to 79%	(c)
<b>Credit Derivatives</b>	259	371			Recovery rate variance for single name underlyings	80% to 90%	90% (a)
			N-to-default baskets	Credit default model	Default correlation	0 to 25 %	(c)
			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)	50% to 85 %	60.8% (b)
					Illiquid credit default spread curves (across main tenors)	55 pb to 234 pb (1)	217 pb (a)
						0 pb to 2.856 bp (2)	110 pb (a)
<b>Equity Derivatives</b>	1,374	6,629	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 94% (3)	26% (d)
					Unobservable equity correlation	15% to 96%	68% (a)

(1) The upper part of the range relates to a significant balance sheet position on an issuer belonging to the telecommunication sector. The remaining positions relate mainly to sovereign and financial issuers.

(2) The upper bound of the range relates to a financial sector issuer that represents an insignificant portion of the balance sheet (CDSs with illiquid underlying instruments).

(3) The upper part of the range relates to one equity instrument 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 118 %.

(4) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (present value or notional)

(b) Weights based on relevant risk axis at portfolio level

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

(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 2019:

	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
In millions of euros							
<b>At 31 December 2018</b>	<b>5,250</b>	<b>5,652</b>	<b>957</b>	<b>11,859</b>	<b>(9,955)</b>	<b>(14,930)</b>	<b>(24,885)</b>
Purchases	511	1,122	203	1,836			-
Issues				-		(5,915)	(5,915)
Sales	(580)	(905)	(5)	(1,490)	(14)		(14)
Settlements <sup>(1)</sup>	(1,032)	19	(52)	(1,065)	(2,382)	1,889	(493)
Transfers to level 3	465	96	20	581	(438)	(796)	(1,234)
Transfers from level 3	(715)	(395)	(1)	(1,111)	2,052	1,137	3,189
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	1,270	177		1,447	377	307	684
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	(1,233)	4		(1,229)	1,163	(510)	653
Changes in fair value of assets and liabilities recognised directly in equity							
- Items related to exchange rate movements	26	13	2	41	(71)		(71)
- Changes in fair value of assets and liabilities recognised in equity			88	88			-
<b>At 31 December 2019</b>	<b>3,962</b>	<b>5,783</b>	<b>1,212</b>	<b>10,957</b>	<b>(9,268)</b>	<b>(18,818)</b>	<b>(28,086)</b>

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

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

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones, among which the implementation of new quantitative tests during the period.

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 2019		31 December 2018	
	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Debt securities	+/-6	+/-3	+/-9	+/-2
Equities and other equity securities	+/-46	+/-9	+/-40	+/-8
Loans and repurchase agreements	+/-11		+/-25	
Derivative financial instruments	+/-621		+/-593	
<i>Interest rate and foreign exchange derivatives</i>	+/-394		+/-365	
<i>Credit derivatives</i>	+/-53		+/-59	
<i>Equity derivatives</i>	+/-171		+/-167	
<i>Other derivatives</i>	+/-3		+/-2	
<b>Sensitivity of Level 3 financial instruments</b>	<b>+/-684</b>	<b>+/-12</b>	<b>+/-667</b>	<b>+/-10</b>

#### **DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON INPUTS PARTLY UNOBSERVABLE IN ACTIVE MARKETS**

Deferred margin on financial instruments (“Day One Profit”) primarily concerns the scope of financial instruments eligible for Level 3 and to a lesser extent some financial instruments eligible for level 2 where valuation adjustments for uncertainties regarding parameters or models are more than insignificant 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 2018	Deferred margin on transactions during the year	Margin taken to the profit and loss account during the year	Deferred margin at 31 December 2019
Interest rate and foreign exchange derivatives	302	113	(146)	269
Credit derivatives	92	106	(72)	126
Equity derivatives	267	386	(273)	380
Other instruments	13	24	(23)	14
<b>Financial instruments</b>	<b>674</b>	<b>629</b>	<b>(514)</b>	<b>789</b>

**5.e FINANCIAL ASSETS AT AMORTISED COST**

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

In millions of euros	31 December 2019			31 December 2018		
	Gross value	Impairment (note 3.h)	Carrying amount	Gross value	Impairment (note 3.h)	Carrying amount
<b>Loans and advances to credit institutions</b>	<b>21,793</b>	<b>(101)</b>	<b>21,692</b>	<b>19,707</b>	<b>(151)</b>	<b>19,556</b>
On demand accounts	8,002	(13)	7,989	7,234	(17)	7,217
Loans <sup>(1)</sup>	12,697	(88)	12,609	11,628	(134)	11,494
Repurchase agreements	1,094		1,094	845		845
<b>Loans and advances to customers</b>	<b>826,953</b>	<b>(21,176)</b>	<b>805,777</b>	<b>789,952</b>	<b>(24,081)</b>	<b>765,871</b>
On demand accounts	38,978	(3,187)	35,791	41,482	(4,243)	37,239
Loans to customers	751,109	(16,861)	734,248	714,243	(18,681)	695,562
Finance leases	35,653	(1,128)	34,525	33,291	(1,157)	32,134
Repurchase agreements	1,213		1,213	936		936
<b>Total loans and advances at amortised cost</b>	<b>848,746</b>	<b>(21,277)</b>	<b>827,469</b>	<b>809,659</b>	<b>(24,232)</b>	<b>785,427</b>

<sup>(1)</sup> Loans and advances to credit institutions include term deposits made with central banks.

- Contractual maturities of finance leases

In millions of euros	31 December 2019	31 December 2018
<b>Gross investment</b>	<b>37,970</b>	<b>35,795</b>
<i>Receivable within 1 year</i>	10,412	9,525
<i>Receivable after 1 year but within 5 years</i>	22,837	21,346
<i>Receivable beyond 5 years</i>	4,721	4,924
<b>Unearned interest income</b>	<b>(2,317)</b>	<b>(2,504)</b>
<b>Net investment before impairment</b>	<b>35,653</b>	<b>33,291</b>
<i>Receivable within 1 year</i>	9,655	8,996
<i>Receivable after 1 year but within 5 years</i>	21,685	19,672
<i>Receivable beyond 5 years</i>	4,313	4,623
<b>Impairment provisions</b>	<b>(1,128)</b>	<b>(1,157)</b>
<b>Net investment after impairment</b>	<b>34,525</b>	<b>32,134</b>





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

In millions of euros	31 December 2019			31 December 2018		
	Gross value	Impairment (note 3.h)	Carrying amount	Gross value	Impairment (note 3.h)	Carrying amount
Governments	57,743	(21)	57,722	33,254	(16)	33,238
Other public administration	23,794	(3)	23,791	18,534	(3)	18,531
Credit institutions	7,201	(2)	7,199	5,082	(3)	5,079
Others	19,850	(108)	19,742	18,333	(108)	18,225
<b>Total debt securities at amortised cost</b>	<b>108,588</b>	<b>(134)</b>	<b>108,454</b>	<b>75,203</b>	<b>(130)</b>	<b>75,073</b>

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

In millions of euros	31 December 2019			31 December 2018		
	Gross Value	Impairment (note 3.h)	Carrying amount	Gross Value	Impairment (note 3.h)	Carrying amount
<b>Loans and advances to credit institutions</b>	<b>21,793</b>	<b>(101)</b>	<b>21,692</b>	<b>19,707</b>	<b>(151)</b>	<b>19,556</b>
Stage 1	21,279	(12)	21,267	19,128	(13)	19,115
Stage 2	418	(5)	413	419	(40)	379
Stage 3	96	(84)	12	160	(98)	62
<b>Loans and advances to customers</b>	<b>826,953</b>	<b>(21,176)</b>	<b>805,777</b>	<b>789,952</b>	<b>(24,081)</b>	<b>765,871</b>
Stage 1	719,160	(1,600)	717,560	668,667	(1,515)	667,152
Stage 2	78,005	(3,100)	74,905	87,328	(3,231)	84,097
Stage 3	29,788	(16,476)	13,312	33,957	(19,335)	14,622
<b>Debt securities</b>	<b>108,588</b>	<b>(134)</b>	<b>108,454</b>	<b>75,203</b>	<b>(130)</b>	<b>75,073</b>
Stage 1	107,630	(30)	107,600	74,240	(21)	74,219
Stage 2	754	(17)	737	769	(31)	738
Stage 3	204	(87)	117	194	(78)	116
<b>Total financial assets at amortised cost</b>	<b>957,334</b>	<b>(21,411)</b>	<b>935,923</b>	<b>884,862</b>	<b>(24,362)</b>	<b>860,500</b>

## 5.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 2019			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions (note 5.e)	96	(84)	12	115
Loans and advances to customers (note 5.e)	29,788	(16,476)	13,312	8,821
Debt securities at amortised cost (note 5.e)	204	(87)	117	45
<b>Total amortised-cost impaired assets (stage 3)</b>	<b>30,088</b>	<b>(16,647)</b>	<b>13,441</b>	<b>8,981</b>
Financing commitments given	1,094	(58)	1,036	306
Guarantee commitments given	1,432	(275)	1,157	342
<b>Total off-balance sheet impaired commitments (stage 3)</b>	<b>2,526</b>	<b>(333)</b>	<b>2,193</b>	<b>648</b>

In millions of euros	31 December 2018			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions (note 5.e)	160	(98)	62	132
Loans and advances to customers (note 5.e)	33,957	(19,335)	14,622	9,663
Debt securities at amortised cost (note 5.e)	194	(78)	116	
<b>Total amortised-cost impaired assets (stage 3)</b>	<b>34,311</b>	<b>(19,511)</b>	<b>14,800</b>	<b>9,795</b>
Financing commitments given	644	(37)	607	148
Guarantee commitments given	1,285	(281)	1,004	250
<b>Total off-balance sheet impaired commitments (stage 3)</b>	<b>1,929</b>	<b>(318)</b>	<b>1,611</b>	<b>398</b>

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

Gross value In millions of euros	Impaired financial assets (Stage 3)
<b>At 31 December 2018</b>	<b>34,311</b>
Transfer to stage 3	6,650
Transfer to stage 1 or stage 2	(2,412)
Amounts Written off	(6,423)
Others changes	(2,038)
<b>At 31 December 2019</b>	<b>30,088</b>



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

In millions of euros	31 December 2019	31 December 2018
<b>Deposits from credit institutions</b>	<b>84,566</b>	<b>78,915</b>
On demand accounts	9,072	10,571
Interbank borrowings <sup>(1) (2)</sup>	68,847	61,859
Repurchase agreements	6,647	6,485
<b>Deposits from customers</b>	<b>834,667</b>	<b>796,548</b>
On demand deposits	516,862	473,968
Savings accounts	151,600	146,362
Term accounts and short-term notes	165,031	175,665
Repurchase agreements	1,174	553

<sup>(1)</sup> Changes over the period include the effect of IFRS 16 first time adoption (see note 2).

<sup>(2)</sup> Interbank borrowings from credit institutions include term borrowings from central banks.

## 5.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 AT FAIR VALUE THROUGH PROFIT OR LOSS (note 5.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 <sup>(1)</sup>	31 December 2019	31 December 2018
<b>Debt securities</b>							<b>56,636</b>	<b>48,964</b>
<b>Subordinated debt</b>							<b>893</b>	<b>787</b>
<b>- Redeemable subordinated debt</b>			<sup>(2)</sup>				<b>120</b>	<b>118</b>
<b>- Perpetual subordinated debt</b>							<b>773</b>	<b>669</b>
BNP Paribas Fortis Dec. 2007 <sup>(3)</sup>	EUR	3,000	Dec.-14	3-month Euribor +200 bp		A	773	669

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 2019, the liability is eligible to prudential own funds for EUR 205 million.

**DEBT SECURITIES MEASURED AT AMORTISED COST**

Issuer / Issue date	Currency	Original amount in foreign currency (millions)	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment <sup>(1)</sup>	31 December 2019	31 December 2018
In millions of euros								
<b>Debt securities</b>							<b>157,578</b>	<b>151,451</b>
<b>- Debt securities in issue with an initial maturity of less than one year</b>							<b>60,905</b>	<b>70,077</b>
Negotiable debt securities							60,905	70,077
<b>- Debt securities in issue with an initial maturity of more than one year</b>							<b>96,673</b>	<b>81,374</b>
Negotiable debt securities							45,924	50,809
Bonds							50,749	30,565
<b>Subordinated debt</b>							<b>20,003</b>	<b>17,627</b>
<b>- Redeemable subordinated debt</b>							<b>18,242</b>	<b>15,876</b>
<b>- Undated subordinated notes</b>							<b>1,526</b>	<b>1,515</b>
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	244	239
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov. - 25	4.032%	3-month Euribor + 393 bp	D	1,000	999
Others							28	23
<b>- Participating notes</b>							<b>222</b>	<b>222</b>
BNP Paribas SA July 84 <sup>(3)</sup>	EUR	337	-	(4)	-		215	215
Others							7	7
<b>- Expenses and commission, related debt</b>							<b>13</b>	<b>14</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> See reference relating to "Debt securities at fair value through profit or loss".

<sup>(3)</sup> 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.

<sup>(4)</sup> Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

**5.i FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES**

	31 December 2019			31 December 2018		
	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
<i>In millions of euros</i>						
Financial instruments designated as at fair value through profit or loss	44,292	71,043	115,335	41,154	61,793	102,947
Derivative financial instruments	1,115		1,115	907		907
Available-for-sale financial assets	126,596		126,596	112,041		112,041
Held-to-maturity financial assets	1,914		1,914	3,720		3,720
Loans and receivables	3,089		3,089	3,605		3,605
Equity-method investments	359		359	363		363
Investment property	3,094	3,464	6,558	2,982	2,872	5,854
<b>Total</b>	<b>180,459</b>	<b>74,507</b>	<b>254,966</b>	<b>164,772</b>	<b>64,665</b>	<b>229,437</b>
Reinsurers' share of technical reserves	2,852		2,852	2,871		2,871
<b>Financial investments of insurance activities</b>	<b>183,311</b>	<b>74,507</b>	<b>257,818</b>	<b>167,643</b>	<b>64,665</b>	<b>232,308</b>

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 116.9 billion as at 31 December 2019. It amounted to EUR 107.8 billion as at 31 December 2018, which represents a variation of EUR 9.1 billion over the period.

The fair value of other financial assets amounts to EUR 138.3 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 121.7 billion as at 31 December 2018, which represents a variation of EUR +16.6 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 4.6 billion as at 31 December 2019, compared with EUR 4.0 billion as at 31 December 2018.

- **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 5.d).

In millions of euros	31 December 2019				31 December 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Available-for-sale financial assets</b>	<b>103,419</b>	<b>22,887</b>	<b>290</b>	<b>126,596</b>	<b>95,086</b>	<b>16,679</b>	<b>276</b>	<b>112,041</b>
Equity instruments	6,551	1,179	248	7,978	4,741	1,093	234	6,068
Debt securities	96,868	21,708	42	118,618	90,345	15,586	42	105,973
<b>Financial instruments designated as at fair value through profit or loss</b>	<b>88,724</b>	<b>19,296</b>	<b>7,315</b>	<b>115,335</b>	<b>80,097</b>	<b>16,315</b>	<b>6,535</b>	<b>102,947</b>
Equity instruments	87,084	12,774	6,549	106,407	77,989	11,131	6,458	95,578
Debt securities	1,640	6,522	766	8,928	2,108	5,184	77	7,369
<b>Derivative financial instruments</b>	<b>-</b>	<b>859</b>	<b>256</b>	<b>1,115</b>	<b>-</b>	<b>622</b>	<b>285</b>	<b>907</b>
<b>Financial assets measured at fair value</b>	<b>192,143</b>	<b>43,042</b>	<b>7,861</b>	<b>243,046</b>	<b>175,183</b>	<b>33,616</b>	<b>7,096</b>	<b>215,895</b>

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.

- **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
<b>At 31 December 2018</b>	<b>276</b>	<b>6,820</b>	<b>7,096</b>
Purchases	54	2,941	2,995
Sales	(53)	(2,253)	(2,306)
Settlements	(75)	(208)	(283)
Transfers to Level 3	84	236	320
Transfers from Level 3	(19)	(582)	(601)
Gains recognised in profit or loss	5	618	623
Items related to exchange rate movements	1	(2)	(1)
Changes in fair value of assets and liabilities recognised in equity	17		17
<b>At 31 December 2019</b>	<b>290</b>	<b>7,571</b>	<b>7,861</b>

During the year ended 31 December 2019, transfers between Level 1 and Level 2 were not significant.



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

In millions of euros	31 December 2019			31 December 2018		
	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	118,618		12,729	105,973		8,461
Equity instruments	7,978	(417)	2,009	6,068	(312)	668
<b>Total available-for-sale financial assets</b>	<b>126,596</b>	<b>(417)</b>	<b>14,738</b>	<b>112,041</b>	<b>(312)</b>	<b>9,129</b>

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

In millions of euros	31 December 2019					31 December 2018				
	Level 1	Level 2	Level 3	Total	Carrying value	Level 1	Level 2	Level 3	Total	Carrying value
Held-to-maturity financial assets	2,224			2,224	1,914	4,116			4,116	3,720
Loans and receivables	121	2,985	18	3,124	3,089	125	3,487	21	3,633	3,605



## 5.j TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

In millions of euros	31 December 2019	31 December 2018
<b>Technical reserves - Non-Life insurance contracts</b>	<b>4,768</b>	<b>4,590</b>
<b>Technical reserves - Life insurance contracts</b>	<b>154,382</b>	<b>143,671</b>
- Insurance contracts	87,352	84,392
- Unit-linked contracts	67,030	59,279
<b>Technical liabilities - investment contracts</b>	<b>48,179</b>	<b>44,110</b>
- Investments contracts with discretionary participation feature	40,723	38,604
- Investment contracts without discretionary participation feature	7,456	5,506
<b>Policyholders' surplus reserve - liability</b>	<b>24,980</b>	<b>17,379</b>
<b>Total technical reserves and liabilities related to insurance and investment contracts</b>	<b>232,309</b>	<b>209,750</b>
Debts arising out of insurance and reinsurance operations	3,464	3,056
Derivative financial instruments	1,164	885
<b>Total technical reserves and other insurance liabilities</b>	<b>236,937</b>	<b>213,691</b>

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 90% in 2019, unchanged from 2018.

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Liabilities related to insurance contracts at start of period</b>	<b>209,750</b>	<b>206,970</b>
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	30,807	20,371
Claims and benefits paid	(17,010)	(15,493)
Effect of changes in value of admissible investments related to unit-linked contracts	8,381	(5,135)
Effect of movements in exchange rates	311	34
Effect of changes in the scope of consolidation	70	3,003
<b>Liabilities related to insurance contracts at end of period</b>	<b>232,309</b>	<b>209,750</b>

See note 5.i for details of reinsurers' share of technical reserves.

**5.k CURRENT AND DEFERRED TAXES**

In millions of euros	31 December 2019	31 December 2018
Current taxes	1,857	1,958
Deferred taxes <sup>(1)</sup>	4,956	5,262
<b>Current and deferred tax assets</b>	<b>6,813</b>	<b>7,220</b>
Current taxes <sup>(2)</sup>	2,103	1,023
Deferred taxes <sup>(1)</sup>	1,463	1,232
<b>Current and deferred tax liabilities</b>	<b>3,566</b>	<b>2,255</b>

<sup>(1)</sup> Changes over the period include the effect of IFRS 16 first time adoption (see note 2).

<sup>(2)</sup> Changes over the period include the effect of IFRIC 23 first time adoption (see note 5.p).

Change in deferred tax by nature over the period:

In millions of euros	31 December 2018	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 2019
Financial instruments	(518)	(106)	(391)	(1)	(25)	(1,041)
Provisions for employee benefit obligations	826	80	-	(14)	(21)	871
Unrealised finance lease reserve	(381)	(82)	-	-	(42)	(505)
Credit risk impairment	3,111	172	-	-	(12)	3,271
Tax loss carryforwards	1,330	(39)	-	-	(172)	1,119
Other items	(338)	(221)	-	-	337	(222)
<b>Net deferred taxes</b>	<b>4,030</b>	<b>(196)</b>	<b>(391)</b>	<b>(15)</b>	<b>65</b>	<b>3,493</b>
Deferred tax assets	5,262	-	-	-	-	4,956
Deferred tax liabilities	(1,232)	-	-	-	-	(1,463)

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 824 million, with a 6-year expected recovery period (unlimited carryforward period).

Unrecognised deferred tax assets totalled EUR 1,291 million at 31 December 2019 compared with EUR 1,324 million at 31 December 2018.

## 5.1 ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2019	31 December 2018
Guarantee deposits and bank guarantees paid	75,478	64,988
Collection accounts	288	369
Accrued income and prepaid expenses <sup>(1)</sup>	6,162	7,355
Other debtors and miscellaneous assets <sup>(1)</sup>	31,607	30,634
<b>Total accrued income and other assets</b>	<b>113,535</b>	<b>103,346</b>
Guarantee deposits received	58,751	48,308
Collection accounts	3,026	2,820
Accrued expense and deferred income <sup>(1)</sup>	8,027	10,122
Lease liabilities <sup>(1)</sup>	3,295	
Other creditors and miscellaneous liabilities <sup>(1)</sup>	29,650	28,312
<b>Total accrued expense and other liabilities</b>	<b>102,749</b>	<b>89,562</b>

<sup>(1)</sup> Changes over the period include the effect of IFRS 16 first time adoption (see note 2).

## 5.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. 2019			31 December 2019	Year to 31 Dec. 2018			31 December 2018
	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	64	(17)	47	965	63	(74)	(11)	804
Associates <sup>(1)</sup>	522	160	682	4,987	565	(62)	503	4,968
<b>Total equity-method entities</b>	<b>586</b>	<b>143</b>	<b>729</b>	<b>5,952</b>	<b>628</b>	<b>(136)</b>	<b>492</b>	<b>5,772</b>

<sup>(1)</sup>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 8.h 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 2019	31 December 2018
<b>Joint ventures</b>					
Bpost banque	Belgium	Retail banking	50%	242	249
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	220	239
<b>Associates</b>					
AG Insurance	Belgium	Insurance	25%	1,747	1,647
Bank of Nanjing	China	Retail banking	15%	1,569	1,372

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

In millions of euros	31 December 2019			31 December 2018		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
<b>Investment property</b>	<b>894</b>	<b>(283)</b>	<b>611</b>	<b>1,031</b>	<b>(316)</b>	<b>715</b>
Land and buildings <sup>(1)</sup>	13,565	(5,703)	7,862	7,084	(2,061)	5,023
Equipment, furniture and fixtures <sup>(1)</sup>	7,494	(5,410)	2,084	7,130	(5,083)	2,047
Plant and equipment leased as lessor under operating leases	28,126	(7,546)	20,580	24,675	(6,805)	17,870
Other property, plant and equipment <sup>(1)</sup>	2,371	(1,212)	1,159	2,086	(1,089)	997
<b>Property, plant and equipment</b>	<b>51,556</b>	<b>(19,871)</b>	<b>31,685</b>	<b>40,975</b>	<b>(15,038)</b>	<b>25,937</b>
<i>Of which right of use</i>	6,660	(3,647)	3,013			
<b>Property, plant and equipment and investment property</b>	<b>52,450</b>	<b>(20,154)</b>	<b>32,296</b>	<b>42,006</b>	<b>(15,354)</b>	<b>26,652</b>
Purchased software	4,093	(3,072)	1,021	3,703	(2,724)	979
Internally-developed software	4,664	(3,581)	1,083	4,250	(3,236)	1,014
Other intangible assets	2,245	(497)	1,748	2,334	(544)	1,790
<b>Intangible assets</b>	<b>11,002</b>	<b>(7,150)</b>	<b>3,852</b>	<b>10,287</b>	<b>(6,504)</b>	<b>3,783</b>

<sup>(1)</sup> Changes over the period include the effect of IFRS 16 first time adoption (see note 2).

- **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 2019 is EUR 719 million, compared with EUR 800 million at 31 December 2018.

- **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 2019	31 December 2018
<b>Future minimum lease payments receivable under non-cancellable leases</b>	<b>7,182</b>	<b>6,483</b>
<i>Payments receivable within 1 year</i>	3,064	2,603
<i>Payments receivable after 1 year but within 5 years</i>	4,076	3,852
<i>Payments receivable beyond 5 years</i>	42	28

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 2019 was EUR 2.415 million, compared with EUR 1.674 million for the year ended 31 December 2018.

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 2019 amounted to EUR 30 million, compared with EUR 2 million for the year ended 31 December of 2018.

**5.0 GOODWILL**

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Carrying amount at start of period</b>	<b>8,487</b>	<b>9,571</b>
Acquisitions	55	99
Divestments		
Impairment recognised during the period	(820)	(30)
Loss of control of First Hawaiian Inc (note 8.c)		(1,315)
Exchange rate adjustments	97	159
Other movements	(2)	3
<b>Carrying amount at end of period</b>	<b>7,817</b>	<b>8,487</b>
Gross value	11,608	11,462
Accumulated impairment recognised at the end of period	(3,791)	(2,975)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised during the year ended 2019		Acquisitions during the year ended 2019	
	31 December 2019	31 December 2018	Year to 31 Dec. 2019	Year to 31 Dec. 2018	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Retail Banking &amp; Services</b>	<b>6,602</b>	<b>7,348</b>	<b>(820)</b>	<b>(30)</b>	<b>(2)</b>	<b>69</b>
<b>Domestic Markets</b>	<b>1,440</b>	<b>1,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>
Arval	515	503				
Leasing Solutions	151	151				17
New Digital Businesses	159	159				
Personal Investors	609	609				
Others	6	6				
<b>International Financial Services</b>	<b>5,162</b>	<b>5,920</b>	<b>(820)</b>	<b>(30)</b>	<b>(2)</b>	<b>52</b>
Asset Management	187	185				15
Insurance	353	352				
BancWest	2,571	3,008	(500)			
Personal Finance	1,293	1,303				
Personal Finance - partnership tested individually		318	(318)	(30)		
Real Estate	407	404	(2)			(2)
Wealth Management	314	313			(2)	39
Others	37	37				
<b>Corporate &amp; Institutional Banking</b>	<b>1,212</b>	<b>1,136</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>30</b>
Corporate Banking	277	276				
Global Markets	481	418			57	
Securities Services	454	442				30
<b>Other Activities</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total goodwill</b>	<b>7,817</b>	<b>8,487</b>	<b>(820)</b>	<b>(30)</b>	<b>55</b>	<b>99</b>
Negative goodwill			2	83		
<b>Change in value of goodwill recognised in the profit and loss account</b>			<b>(818)</b>	<b>53</b>	<b>-</b>	<b>-</b>

The homogeneous groups of businesses 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 5,500 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.

In 2019, BNP Paribas Cardif sold part of its interest in the Indian life insurer SBI Life. After this partial sale, the Group retains a 5.2% stake.

**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 specialized 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.

In 2018, BNP Paribas Wealth Management purchased the private banking activities of ABN Amro in Luxembourg.

**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 homogeneous group of businesses. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each homogeneous group of businesses based on the “Common Equity Tier One” regulatory requirements for the legal entity to which the homogeneous group of businesses 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).

The economic environment evolution, particularly in interest rates in the United States, led 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
<b>Cost of capital</b>	<b>9.3%</b>	<b>10.0%</b>
Adverse change (+10 basis points)	(108)	(207)
Positive change (- 10 basis points)	112	212
<b>Cost/income ratio</b>	<b>62.3%</b>	<b>45.3%</b>
Adverse change (+ 1 %)	(199)	(431)
Positive change (-1 %)	199	431
<b>Cost of risk</b>	<b>(127)</b>	<b>(1,999)</b>
Adverse change (+ 5 %)	(48)	(251)
Positive change (- 5 %)	48	251
<b>Growth rate to perpetuity</b>	<b>3.0%</b>	<b>2.1%</b>
Adverse change (-50 basis points)	(200)	(446)
Positive change (+50 basis points)	234	507

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 unfavorable variations in the table.



## 5.p PROVISIONS FOR CONTINGENCIES AND CHARGES

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

In millions of euros	31 December 2018	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements <sup>(1)</sup>	31 December 2019
<b>Provisions for employee benefits</b>	<b>6,039</b>	<b>1,350</b>	<b>(992)</b>	<b>199</b>	<b>40</b>	<b>6,636</b>
of which post-employment benefits (note 7.b)	3,998	250	(331)	189	35	4,141
of which post-employment healthcare benefits (note 7.b)	131	6	(4)	10	3	146
of which provision for other long-term benefits (note 7.c)	1,120	344	(277)		1	1,188
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (note 7.d)	380	294	(155)		(6)	513
of which provision for share-based payments (note 7.e)	410	456	(225)		7	648
<b>Provisions for home savings accounts and plans</b>	<b>136</b>	<b>(12)</b>				<b>124</b>
<b>Provisions for credit commitments (note 3.h)</b>	<b>1,192</b>	<b>95</b>	<b>(32)</b>		<b>(21)</b>	<b>1,234</b>
<b>Provisions for litigations</b>	<b>1,348</b>	<b>173</b>	<b>(75)</b>		<b>(848)</b>	<b>598</b>
<b>Other provisions for contingencies and charges</b>	<b>905</b>	<b>187</b>	<b>(201)</b>		<b>3</b>	<b>894</b>
<b>Total provisions for contingencies and charges</b>	<b>9,620</b>	<b>1,793</b>	<b>(1,300)</b>	<b>199</b>	<b>(826)</b>	<b>9,486</b>

(1) Changes over the period include the effect of IFRIC 23 first time adoption (see note 5.k)

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

In millions of euros	31 December 2019	31 December 2018
<b>Deposits collected under home savings accounts and plans</b>	<b>18,149</b>	<b>18,102</b>
of which deposits collected under home savings plans	16,026	15,956
Aged more than 10 years	5,231	3,824
Aged between 4 and 10 years	8,777	8,471
Aged less than 4 years	2,018	3,661
<b>Outstanding loans granted under home savings accounts and plans</b>	<b>35</b>	<b>52</b>
of which loans granted under home savings plans	6	9
<b>Provisions and discount recognised for home savings accounts and plans</b>	<b>125</b>	<b>137</b>
provisions recognised for home savings plans	123	133
provisions recognised for home savings accounts	1	3
discount recognised for home savings accounts and plans	1	1

## 5.q OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

“Amounts set off on the balance sheet” have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, 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 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
<b>Assets</b>						
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
<i>of which repurchase agreements</i>	2,307		2,307	(536)	(1,679)	92
Accrued income and other assets	113,535		113,535		(38,342)	75,193
<i>of which guarantee deposits paid</i>	75,478		75,478		(38,342)	37,136
Other assets not subject to offsetting	526,654		526,654			526,654
<b>TOTAL ASSETS</b>	<b>2,603,812</b>	<b>(439,099)</b>	<b>2,164,713</b>	<b>(225,791)</b>	<b>(218,215)</b>	<b>1,720,707</b>

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
<b>Liabilities</b>						
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
<i>of which repurchase agreements</i>	7,821		7,821	(1,624)	(5,942)	255
Accrued expense and other liabilities	102,749		102,749		(30,939)	71,810
<i>of which guarantee deposits received</i>	58,751		58,751		(30,939)	27,812
Other liabilities not subject to offsetting	434,543		434,543			434,543
<b>TOTAL LIABILITIES</b>	<b>2,491,967</b>	<b>(439,099)</b>	<b>2,052,868</b>	<b>(225,791)</b>	<b>(240,231)</b>	<b>1,586,846</b>

In millions of euros, at 31 December 2018	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
<b>Assets</b>						
Financial instruments at fair value through profit or loss						
Securities	121,954		121,954			121,954
Loans and repurchase agreements	283,879	(100,163)	183,716	(37,657)	(135,421)	10,638
Derivative financial instruments (including derivatives used for hedging purposes)	480,745	(238,040)	242,705	(177,352)	(28,676)	36,677
Financial assets at amortised cost	860,567	(67)	860,500	(365)	(1,312)	858,823
<i>of which repurchase agreements</i>	1,781		1,781	(365)	(1,312)	104
Accrued income and other assets	103,346		103,346		(30,813)	72,533
<i>of which guarantee deposits paid</i>	64,988		64,988		(30,813)	34,175
Other assets not subject to offsetting	528,615		528,615			528,615
<b>TOTAL ASSETS</b>	<b>2,379,106</b>	<b>(338,270)</b>	<b>2,040,836</b>	<b>(215,374)</b>	<b>(196,222)</b>	<b>1,629,240</b>

In millions of euros, at 31 December 2018	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
<b>Liabilities</b>						
Financial instruments at fair value through profit or loss						
Securities	75,189		75,189			75,189
Deposits and repurchase agreements	304,202	(100,163)	204,039	(36,754)	(153,961)	13,324
Issued debt securities	54,908		54,908			54,908
Derivative financial instruments (including derivatives used for hedging purposes)	475,521	(238,040)	237,481	(177,352)	(31,226)	28,903
Financial liabilities at amortised cost	875,530	(67)	875,463	(1,268)	(5,311)	868,884
<i>of which repurchase agreements</i>	7,038		7,038	(1,268)	(5,311)	459
Accrued expense and other liabilities	89,562		89,562		(24,764)	64,798
<i>of which guarantee deposits received</i>	48,308		48,308		(24,764)	23,544
Other liabilities not subject to offsetting	398,468		398,468			398,468
<b>TOTAL LIABILITIES</b>	<b>2,273,380</b>	<b>(338,270)</b>	<b>1,935,110</b>	<b>(215,374)</b>	<b>(215,262)</b>	<b>1,504,474</b>

## 5.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:**

In millions of euros, at	31 December 2019		31 December 2018	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
<b>Securities lending operations</b>				
Financial instruments at fair value through profit or loss	13,358	-	6,838	-
Financial assets at amortised cost	1,408	-	801	-
Financial assets at fair value through equity	320	-	25	-
<b>Repurchase agreements</b>				
Financial instruments at fair value through profit or loss	33,203	33,148	34,871	34,699
Financial assets at amortised cost	3,664	3,621	627	624
Financial assets at fair value through equity	988	984	1,766	1,766
Financial investments of insurance activities	5,844	5,921	5,979	5,855
<b>Total</b>	<b>58,785</b>	<b>43,674</b>	<b>50,907</b>	<b>42,944</b>

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

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
<b>Securitisation</b>					
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	-
<b>Total</b>	<b>19,720</b>	<b>17,477</b>	<b>19,080</b>	<b>17,516</b>	<b>1,564</b>

In millions of euros, at 31 December 2018	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
<b>Securitisation</b>					
Financial instruments at fair value through profit or loss	163	163	163	163	-
Financial assets at amortised cost	14,050	12,913	14,227	12,916	1,311
Financial assets at fair value through equity	21	21	21	21	-
<b>Total</b>	<b>14,234</b>	<b>13,097</b>	<b>14,411</b>	<b>13,100</b>	<b>1,311</b>

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

## 6. FINANCING AND GUARANTEE COMMITMENTS

### 6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

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

In millions of euros	31 December 2019	31 December 2018
<b>Financing commitments given</b>		
- to credit institutions	4,999	3,201
- to customers	324,077	301,447
Confirmed financing commitments	255,975	231,109
Other commitments given to customers	68,102	70,338
<b>Total financing commitments given</b>	<b>329,076</b>	<b>304,648</b>
of which stage 1	317,180	292,425
of which stage 2	9,862	10,511
of which stage 3	1,094	644
of which insurance activities	940	1,068
<b>Financing commitments received</b>		
- from credit institutions	70,725	72,484
- from customers	2,633	11,244
<b>Total financing commitments received</b>	<b>73,358</b>	<b>83,728</b>

### 6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2019	31 December 2018
<b>Guarantee commitments given</b>		
- to credit institutions	32,325	33,487
- to customers	118,408	113,129
Property guarantees	2,767	1,968
Sureties provided to tax and other authorities, other sureties	61,003	54,019
Other guarantees	54,638	57,142
<b>Total guarantee commitments given</b>	<b>150,733</b>	<b>146,616</b>
of which stage 1	142,780	138,615
of which stage 2	6,518	6,713
of which stage 3	1,432	1,285
of which insurance activities	3	3



## 6.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 2019	31 December 2018
Securities to be delivered	8,511	14,134
Securities to be received	10,792	12,869

## 6.d OTHER GUARANTEE COMMITMENTS

- Financial instruments given as collateral:**

In millions of euros	31 December 2019	31 December 2018
<b>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</b>	<b>102,466</b>	<b>104,804</b>
- Used as collateral with central banks	32,659	35,216
- Available for refinancing transactions	69,807	69,588
<b>Securities sold under repurchase agreements</b>	<b>388,683</b>	<b>314,705</b>
<b>Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group <sup>(1)</sup></b>	<b>152,489</b>	<b>124,148</b>

<sup>(1)</sup> 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 486,464 million at 31 December 2019 (EUR 396,876 million at 31 December 2018).

- Financial instruments received as collateral:**

In millions of euros	31 December 2019	31 December 2018
<b>Financial instruments received as collateral (excluding repurchase agreements)</b>	<b>181,696</b>	<b>162,184</b>
<i>of which instruments that the Group is authorised to sell and reuse as collateral</i>	<i>99,061</i>	<i>82,543</i>
<b>Securities received under repurchase agreements</b>	<b>376,752</b>	<b>287,047</b>

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 307,285 million at 31 December 2019 (compared with EUR 268,973 million at 31 December 2018).

## 7. SALARIES AND EMPLOYEE BENEFITS

### 7.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Fixed and variable remuneration, incentive bonuses and profit-sharing	12,992	12,403
Employee benefit expense	4,021	3,665
Payroll taxes	540	549
<b>Total salary and employee benefit expense</b>	<b>17,553</b>	<b>16,617</b>

### 7.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 in the year ended 31 December 2019 was EUR 676 million, compared with EUR 612 million in the year ended 31 December 2018.

The breakdown by major contributors is determined as follows:

Contribution amount In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
France	343	334
Italy	67	63
UK	54	50
USA	50	40
Germany	5	4
Turkey	32	30
Others	125	91
<b>TOTAL</b>	<b>676</b>	<b>612</b>

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 93% at 31 December 2019 (compared with 92% at 31 December 2018) 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 100% as at 31 December 2019 (96% at 31 December 2018) 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 2019, 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 2019, 109% of these pension plans were funded through insurance companies (110% at 31 December 2018).

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 2019, obligations for all UK entities were 116% covered by financial assets, compared with 115% at 31 December 2018.

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 2019, obligations were 91% covered by financial assets, compared with 89% at 31 December 2018.

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 since 2012. At 31 December 2019, the obligation was 82% covered by financial assets, (83% at 31 December 2018).

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 2019, the obligation was 55% covered by financial assets, (59% at 31 December 2018).

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 2019, 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 2019, this obligation was 100% covered by financial assets, compared with 100% at 31 December 2018.

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 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 reimbursement rights <sup>(1)</sup>	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 reimbursement 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
<b>TOTAL</b>	<b>8,776</b>	<b>662</b>	<b>9,438</b>	<b>(5,909)</b>	<b>(3,002)</b>	<b>255</b>	<b>782</b>	<b>(3,359)</b>	<b>(357)</b>	<b>(3,002)</b>	<b>4,141</b>

In millions of euros, at 31 December 2018	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 reimbursement rights <sup>(1)</sup>	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 reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
Belgium	3,049	21	3,070	(93)	(2,838)		139	(2,838)		(2,838)	2,977
UK	1,488	1	1,489	(1,716)			(227)	(234)	(234)		7
France	1,193	106	1,299	(1,201)			98	(61)	(61)		159
Switzerland	1,090	9	1,099	(976)			123				123
USA	538	77	615	(510)			105				105
Italy		357	357				357				357
Germany	121	60	181	(108)			73				73
Turkey	140	29	169	(366)		226	29				29
Others	503	41	544	(381)	(1)		162	(6)	(5)	(1)	168
<b>TOTAL</b>	<b>8,122</b>	<b>701</b>	<b>8,823</b>	<b>(5,351)</b>	<b>(2,839)</b>	<b>226</b>	<b>859</b>	<b>(3,139)</b>	<b>(300)</b>	<b>(2,839)</b>	<b>3,998</b>

<sup>(1)</sup> 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. 2019	Year to 31 Dec. 2018
<b>Present value of defined-benefit obligation at start of period</b>	<b>8,823</b>	<b>9,571</b>
Current service cost	229	236
Interest cost	158	136
Past service cost	(1)	(17)
Settlements	(11)	(32)
Actuarial (gains)/losses on change in demographic assumptions	(56)	(36)
Actuarial (gains)/losses on change in financial assumptions	655	(400)
Actuarial (gains)/losses on experience gaps	9	50
Actual employee contributions	24	24
Benefits paid directly by the employer	(140)	(110)
Benefits paid from assets/reimbursement rights	(377)	(455)
Exchange rate (gains)/losses on obligation	140	(11)
(Gains)/losses on obligation related to changes in the consolidation scope	(15)	(133)
<b>Present value of defined-benefit obligation at end of period</b>	<b>9,438</b>	<b>8,823</b>

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

In millions of euros	Plan assets		Reimbursement rights	
	Year to 31 Dec. 2019	Year to 31 Dec. 2018	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Fair value of assets at start of period</b>	<b>5,351</b>	<b>5,574</b>	<b>2,839</b>	<b>2,931</b>
Expected return on assets	145	103	34	27
Settlements	(3)	(50)		
Actuarial gains/(losses) on assets	439	(56)	168	(64)
Actual employee contributions	14	14	10	10
Employer contributions	63	142	115	141
Benefits paid from assets	(211)	(248)	(166)	(206)
Exchange rate gains/(losses) on assets	127	(67)		
Gains/(losses) on assets related to changes in the consolidation scope	(16)	(61)	2	
<b>Fair value of assets at end of period</b>	<b>5,909</b>	<b>5,351</b>	<b>3,002</b>	<b>2,839</b>

## - Components of the cost of defined-benefit plans

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Service costs</b>	<b>220</b>	<b>237</b>
Current service cost	229	236
Past service cost	(1)	(17)
Settlements	(8)	18
<b>Net financial expense</b>	<b>14</b>	<b>19</b>
Interest cost	158	136
Interest income on plan asset	35	13
Interest income on reimbursement rights	(145)	(103)
Expected return on asset ceiling	(34)	(27)
<b>Total recognised in salary and employee benefit expense</b>	<b>234</b>	<b>256</b>

## - Other items recognised directly in equity

In millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Other items recognised directly in equity</b>	<b>(6)</b>	<b>147</b>
Actuarial (losses)/gains on plan assets or reimbursement rights	607	(120)
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	56	36
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(655)	400
Experience (losses)/gains on obligations	(9)	(50)
Variation of the effect of assets limitation	(5)	(119)

- 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 2019		31 December 2018	
	Discount rate	Compensation increase rate <sup>(1)</sup>	Discount rate	Compensation increase rate <sup>(1)</sup>
Belgium	0.10% / 1.10%	2.70% / 3.20%	0.80% / 1.80%	2.90% / 3.40%
UK	1.30% / 2.10%	2.00% / 3.10%	1.80% / 3.00%	2.00% / 3.55%
France	0.10% / 1.10%	1.60% / 2.95%	0.40% / 1.80%	2.05% / 3.30%
Switzerland	0.00% / 0.20%	1.00% / 2.50%	0.00% / 0.90%	1.40% / 1.50%
USA	2.35% / 3.40%	4.00%	3.50% / 4.45%	4.00%
Italy	0.20% / 0.80%	1.60% / 2.40%	0.80% / 1.80%	1.80% / 3.10%
Germany	0.50% / 1.10%	2.00% / 2.50%	1.40% / 1.90%	2.00% / 3.00%
Turkey	12.51%	7.59%	16.70%	12.20%

<sup>(1)</sup> Including price increases (inflation)

Observed weighted average rates are as follows:

- In the Eurozone: 0.54% at 31 December 2019 (1.30% at 31 December 2018),
- In the United Kingdom: 2.00% at 31 December 2019 (2.81% at 31 December 2018),
- In Switzerland: 0.15% at 31 December 2019 (0.89% at 31 December 2018).

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 2019		31 December 2018	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	324	(282)	306	(250)
UK	436	(319)	325	(243)
France	155	(128)	144	(121)
Switzerland	197	(167)	187	(145)
USA	84	(69)	69	(57)
Italy	22	(20)	26	(25)
Germany	47	(36)	37	(28)
Turkey	12	(10)	15	(12)



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

In %	Year to 31 Dec. 2019		Year to 31 Dec. 2018	
	Range of value <i>(reflecting the existence of several plans in the same country)</i>	Weighted average rates	Range of value <i>(reflecting the existence of several plans in the same country)</i>	Weighted average rates
Belgium	-0.05% / 19.10%	6.05%	-2.00% / 4.65%	-0.43%
UK	3.95% / 19.00%	15.65%	-3.80% / 5.70%	-3.05%
France	3.35% / 3.45%	3.45%	3.55%	3.55%
Switzerland	2.40% / 14.85%	10.90%	-2.00% / 2.80%	-0.66%
USA	7.75% / 18.00%	13.10%	-4.55% / 1.50%	-0.50%
Germany	1.75% / 9.75%	9.05%	-6.50% / 1.80%	-3.23%
Turkey	19.25%	19.25%	13.10%	13.10%

- Breakdown of plan assets

In %	31 December 2019						31 December 2018					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others
Belgium	6%	54%	15%	1%	0%	24%	6%	52%	19%	1%	0%	22%
UK	14%	66%	8%	0%	4%	8%	16%	63%	9%	0%	3%	9%
France <sup>(1)</sup>	6%	69%	17%	8%	0%	0%	7%	67%	18%	8%	0%	0%
Switzerland	34%	0%	29%	19%	5%	13%	31%	29%	4%	20%	1%	15%
USA	26%	44%	17%	0%	9%	4%	26%	44%	14%	0%	11%	5%
Germany	26%	64%	0%	0%	1%	9%	28%	61%	0%	0%	2%	9%
Turkey	0%	0%	49%	4%	42%	5%	0%	0%	0%	5%	94%	1%
Others	9%	14%	12%	1%	3%	61%	10%	11%	12%	1%	6%	60%
<b>GROUP</b>	<b>13%</b>	<b>47%</b>	<b>17%</b>	<b>4%</b>	<b>4%</b>	<b>15%</b>	<b>13%</b>	<b>49%</b>	<b>13%</b>	<b>4%</b>	<b>6%</b>	<b>15%</b>

<sup>(1)</sup>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 146 million at 31 December 2019, compared with EUR 131 million at 31 December 2018, i.e. an increase of EUR 15 million in 2019, of which +EUR 10 million recognised directly in shareholders' equity.

## 7.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 448 million at 31 December 2019 (EUR 462 million at 31 December 2018).

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 651 million at 31 December 2019 (EUR 579 million at 31 December 2018).

In millions of euros	31 December 2019	31 December 2018
<b>Net provisions for other long-term benefits</b>	<b>1,099</b>	<b>1,040</b>
Asset recognised in the balance sheet under the other long-term benefits	(89)	(80)
Obligation recognised in the balance sheet under the other long-term benefits	1,188	1,120

## 7.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 2019	31 December 2018
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	513	380

## 7.e SHARE-BASED PAYMENTS

BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards. Last attributions under this plan were made in 2012.

Furthermore, some deferred compensation plans are index-linked to BNP Paribas share price especially for employees whose activities are likely to have an impact on the Group risk exposure.

- **Expense of share-based payments**

Expense / (revenue) in millions of euros	Year to 31 Dec. 2019	Year to 31 Dec. 2018
Prior deferred compensation plans	84	(204)
Deferred compensation plans for the year	372	195
<b>Total</b>	<b>456</b>	<b>(9)</b>

- **Deferred share price-linked, cash-settled compensation plans**

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.

- **Global Share-Based Incentive Plan (until 2012)**

- Stock option plans

On 4 March 2019, the last stock option plan expired.

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted	Start date of exercise period	Option expiry date	Adjusted exercise price (in euros)	Number of options	Remaining period until expiry of options (years)
BNP Paribas SA	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	-	-
<b>Total options outstanding at end of period</b>							-	-

- Movements over the past two years

	Year to 31 Dec. 2019		Year to 31 Dec. 2018	
	Number of options	Weighted average exercise price (in euros)	Number of options	Weighted average exercise price (in euros)
<b>Options outstanding at 1 January</b>	<b>1,296,508</b>	<b>58.25</b>	<b>2,277,443</b>	<b>55.61</b>
Options exercised during the period			(939,175)	52.07
Options expired during the period	(1,296,508)		(41,760)	
<b>Options outstanding at 31 December</b>	<b>-</b>	<b>-</b>	<b>1,296,508</b>	<b>58.25</b>
<b>Options exercisable at 31 December</b>	<b>-</b>	<b>-</b>	<b>1,296,508</b>	<b>58.25</b>

- Performance share plans

At 31 December 2019, 206 BNP Paribas SA shares granted via performance share plans were not yet delivered to their beneficiaries.

## 8. ADDITIONAL INFORMATION

### 8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2019, 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 2018.

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

	Proprietary transactions		Trading transactions <sup>(1)</sup>		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)
<b>Shares held at 31 December 2017</b>	<b>807,742</b>	<b>43</b>	<b>(158,177)</b>	<b>(10)</b>	<b>649,565</b>	<b>33</b>
Acquisitions	513,568	31			513,568	31
Disposals	(594,068)	(36)			(594,068)	(36)
Shares delivered to employees	(791)				(791)	
Other movements			1,649,512	69	1,649,512	69
<b>Shares held at 31 December 2018</b>	<b>726,451</b>	<b>38</b>	<b>1,491,335</b>	<b>59</b>	<b>2,217,786</b>	<b>97</b>
Net movements			(1,010,265)	(34)	(1,010,265)	(34)
<b>Shares held at 31 December 2019</b>	<b>726,451</b>	<b>38</b>	<b>481,070</b>	<b>25</b>	<b>1,207,521</b>	<b>63</b>

<sup>(1)</sup> Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2019, the BNP Paribas Group was a holder of 1,207,521 BNP Paribas shares representing an amount of EUR 63 million, which was recognised as a decrease in equity.

From 1 January 2019 to 31 December 2019, no performance shares have been delivered.

- 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 <sup>(1)</sup> + 1.35% 10 years	TEC 10 <sup>(1)</sup> + 1.35%
<b>Total at 31 December 2019</b>			<b>73<sup>(2)</sup></b>		

<sup>(1)</sup> TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

<sup>(2)</sup> 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 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 2 July 2018, BNP Paribas SA redeemed the June 2008 issue for a total amount of EUR 500 million, at the first call date. These notes paid a 7.781% fixed-rate coupon.

On 16 August 2018, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 750 million which pay a 7% fixed-rate coupon. These notes could be redeemed at the end of a period of 10 years. If the notes are not redeemed in 2028, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 18 September 2018, BNP Paribas SA redeemed the September 2008 issue for an amount of EUR 100 million, at the first call date. These notes paid a 7.57% 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 October 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.

- 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
October 2005	USD	400	annual	6.250%	6 years	6.250%
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%
<b>Total euro-equivalent historical value at 31 December 2019</b>		<b>8,689</b>	<sup>(1)</sup>			

<sup>(1)</sup> 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 2019, the BNP Paribas Group held EUR 1 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. 2019	Year to 31 Dec. 2018
<b>Net profit used to calculate basic and diluted earnings per ordinary share</b> <i>(in millions of euros)</i> <sup>(1)</sup>	7,745	7,159
<b>Weighted average number of ordinary shares outstanding during the year</b>	1,247,993,812	1,248,334,552
Effect of potentially dilutive ordinary shares (Performance share attribution plan)	206	311
<b>Weighted average number of ordinary shares used to calculate diluted earnings per share</b>	1,247,994,018	1,248,334,863
<b>Basic earnings per share (in euros)</b>	6.21	5.73
<b>Diluted earnings per share (in euros)</b>	6.21	5.73

<sup>(1)</sup> 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.

The dividend per share paid in 2019 out of the 2018 net income amounted to EUR 3.02, unchanged from the dividend paid in 2018 out of the 2017 net income.



## 8.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. On 8 April 2019, the defendants affected by the appeal, including the affected BNP Paribas entities, notified the Second Circuit of their intent to seek further review by the U.S. Supreme Court. The 3 October 2018 decision will be subject to appeal at the conclusion of that suit.

Various litigations and investigations are or were ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholders groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)’s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V.. These shareholders groups mainly allege that there has been a breach in financial communication, regarding, inter alia, the disclosure on the exposure to subprime mortgages. On 13 July 2018, the Amsterdam Court of Appeal has declared binding a settlement between Ageas and representatives of certain shareholders groups who held shares between 28 February 2007 and 14 October 2008. The settlement has become final with the decision of Ageas on 20 December 2018 to waive its termination right.

BNP Paribas Fortis is one of the releasees under the Ageas Settlement. This means that each eligible shareholder who has not opted out prior to 31 December 2018 will be deemed to have fully released BNP Paribas Fortis from any claim regarding the events during this time. The number of “opt out” is limited.

Litigation was also brought in Belgium by minority shareholders of Fortis 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. BNP Paribas does not have tangible elements to assess the duration of such suspension. The Public Prosecutor has stated on 20 December 2018 that he sees no reason to request the Council’s chamber of the Court to order a referral.

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.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets. The Bank has been cooperating with the investigations and inquiries and has responded to the information requests. On 25 January 2018, BNP Paribas USA Inc. accepted to plead guilty in front of the U.S. District Court for the Southern District of New York to a single violation of the Sherman Antitrust Act. On 30 May 2018, the court imposed the sentence, as jointly recommended in the plea agreement between BNP Paribas USA Inc. and the Department of Justice (“DOJ”), consisting of (1) a fine of USD 90 million; (2) no probation, and (3) no order of restitution. In reaching the plea agreement with BNP Paribas USA Inc., the DOJ has noted the Bank’s substantial efforts relating to compliance and remediation to address and prevent the re-occurrence through its compliance and remediation program of the issues arising from its FX trading business.

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.

On 26 February 2020, the Paris Tribunal correctionnel found BNP Paribas Personal Finance guilty of misleading commercial practice and concealment of this practice. BNP Paribas Personal Finance is ordered to pay a fine of EUR 187,500. The Court ordered the publication of the judgment in certain French newspapers. BNP Paribas Personal Finance is ordered to pay damages and attorney expenses to the victims, including three consumer associations. The damages award is effective immediately. BNP Paribas Personal Finance is considering an appeal.

## 8.c BUSINESS COMBINATIONS AND LOSS OF CONTROL OR SIGNIFICANT INFLUENCE

### • 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.

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
<b>31 December 2019</b>		<b>100%</b>	<b>0%</b>	

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 homogeneous group of businesses 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 realized 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.

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 FHI. As a result of this transaction, the BNP Paribas group has sold its entire 18.4% stake in FHI.

This operation generated an overall gain of EUR 82 million before tax, recognised in the profit and loss account.

- **ABN Amro Bank Luxembourg**

On 3 September 2018, BGL BNP Paribas acquired 100% of ABN Amro Bank Luxembourg (private banking activity) and its subsidiary ABN Amro Life SA (insurance activity). As a result of this transaction, the BNP Paribas Group fully consolidates these activities.

The result of this acquisition is to increase the Group's balance sheet at acquisition date by EUR 5.1 billion, including loans and advances to customers for EUR 1.6 billion and financial investments of insurance activities for EUR 2.7 billion.

The goodwill linked to this operation amounts to EUR 37 million.

As at 31 December 2018, ABN Amro Bank Luxembourg merged into BGL BNP Paribas.

- **Raiffeisen Bank Polska**

On 31 October 2018, Bank BGZ BNP Paribas bought the "Core" banking activities of Raiffeisen Bank Polska from Raiffeisen Bank International.

This acquisition resulted in an increase in the Group's balance sheet at acquisition date of EUR 9.5 billion, including loans and advances to customers for EUR 4.3 billion and amortised-cost debt securities for EUR 3.9 billion.

The negative goodwill associated with this operation amounts to EUR 68 million.



## 8.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
<b>Capital and retained earnings at 1st january 2018</b>	<b>5,315</b>	<b>(27)</b>	<b>(162)</b>	<b>5,126</b>
<b>Appropriation of net income for 2017</b>	<b>(160)</b>			<b>(160)</b>
Increases in capital and issues	4			4
Remuneration on preferred shares	(2)			(2)
Impact of internal transactions on minority shareholders	(6)			(6)
Movements in consolidation scope impacting minority shareholders	(1,454)	36	119	(1,299)
Acquisitions of additional interests or partial sales of interests	326	(9)	(10)	307
Change in commitments to repurchase minority shareholders' interests	(165)			(165)
Other movements	11			11
Changes in assets and liabilities recognised directly in equity		17	(21)	(4)
<b>Net income for 2018</b>	<b>479</b>			<b>479</b>
Interim dividend payments	(32)			(32)
<b>Capital and retained earnings at 31 december 2018</b>	<b>4,316</b>	<b>17</b>	<b>(74)</b>	<b>4,259</b>
Effect of IFRS 16 first time adoption (note 2)	(5)			(5)
<b>Capital and retained earnings at 1st january 2019</b>	<b>4,311</b>	<b>17</b>	<b>(74)</b>	<b>4,254</b>
<b>Appropriation of net income for 2018</b>	<b>(227)</b>			<b>(227)</b>
Increases in capital and issues	10			10
Remuneration on preferred shares and undated super subordinated notes	(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
<b>Net income for 2019</b>	<b>410</b>			<b>410</b>
<b>Capital and retained earnings at 31 december 2019</b>	<b>4,442</b>	<b>17</b>	<b>(67)</b>	<b>4,392</b>

- **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.

	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
In millions of euros								
<b>Contribution of the entities belonging to the BGL BNP Paribas group</b>	<b>89,384</b>	<b>1,668</b>	<b>532</b>	<b>569</b>	<b>34%</b>	<b>157</b>	<b>164</b>	<b>87</b>
<b>Other minority interests</b>						<b>253</b>	<b>253</b>	<b>141</b>
<b>TOTAL</b>						<b>410</b>	<b>417</b>	<b>228</b>

	31 December 2018	Year to 31 Dec. 2018						
	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
In millions of euros								
<b>Contribution of the entities belonging to the BGL BNP Paribas group</b>	<b>84,655</b>	<b>1,519</b>	<b>451</b>	<b>397</b>	<b>34%</b>	<b>145</b>	<b>121</b>	<b>61</b>
<b>Other minority interests</b>						<b>334</b>	<b>354</b>	<b>133</b>
<b>TOTAL</b>						<b>479</b>	<b>475</b>	<b>194</b>

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 2019, nor in 2018.

- **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. 2019		Year to 31 Dec. 2018	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
<b>BNP Paribas 3 Step IT (ex Arius)</b>				
Partial disposal, reducing the Group's share to 51%	16	4		
<b>Bank BGZ BNP Paribas</b>				
Dilutive capital increase, reducing the Group's share to 88.75%			(3)	102
<b>Cardif Lux Vie</b>				
Additional acquisition of 33.3% of the shares of Cardif Lux Vie			(55)	(97)
<b>Cardif Life Insurance Japan</b>				
Sale of 25% of the shares of Cardif Life Insurance Japan in the framework of entities restructuring in Japan	2	(2)	17	76
<b>Austin Finance</b>				
Accretive capital decrease, bringing the Group's share to 100%				(82)
<b>First Hawaiian Inc (note 8.c)</b>				
On 8 May 2018, third offer on First Hawaiian Inc for 12.1% of its capital, at a 28.35-dollar price per share, and a capital decrease of 1.1%.			85	315
<b>Cardif IARD</b>				
Dilutive capital increase, which reduced the Group's interest to 66%			30	20
<b>Other</b>				
		(1)	(3)	(8)
<b>Total</b>	<b>18</b>	<b>1</b>	<b>71</b>	<b>326</b>

- **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 556 million at 31 December 2019, compared with EUR 540 million at 31 December 2018.

**8.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES****Significant restrictions related to the ability of entities to transfer cash to the Group**

The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2018 and 2019, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

**Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities**

Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 38 billion as at 31 December 2019 (EUR 31 billion as at 31 December 2018).

**Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements**

The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 5.r and 6.d.

**Significant restrictions related to liquidity reserves**

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the Universal Registration Document under Liquidity risk.

**Assets representative of unit-linked insurance contracts**

Financial assets representative of unit-linked insurance contracts designated as at fair value through profit or loss, which amount to EUR 71 billion as at 31 December 2019 (compared with EUR 62 billion as at 31 December 2018), are held for the benefit of the holders of these contracts.



## 8.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets - as either originator or sponsor -, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in Note 1.b.2. "Consolidation methods".

- **Consolidated structured entities**

The main categories of consolidated structured entities are:

**ABCP (Asset-Backed Commercial Paper) conduits:** the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in Chapter 5 of the Universal Registration Document under "Securitisation on behalf of clients as sponsor / Short-term refinancing".

**Proprietary securitisation:** proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in Chapter 5 of the Universal Registration Document under "Proprietary securitisation (originator)".

**Funds managed by the Group:** the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

- **Unconsolidated structured entities**

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

### **Information relative to interests in sponsored structured entities**

The main categories of unconsolidated sponsored structured entities are as follows:

**Securitisation:** the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance.

**Funds:** the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group.

**Asset financing:** the BNP Paribas Group establishes and finances structured entities that acquire assets (aircraft, ships, etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity. The scope of entities included in this category was refined in 2018.

**Other:** on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2019	Securitisation	Funds	Asset Financing	Others	Total
<b>INTERESTS ON THE GROUP BALANCE SHEET</b>					
<b>ASSETS</b>					
Financial instruments at fair value through profit or loss	161	339	1	3,129	3,630
Derivatives used for hedging purposes	93	680	88	38	899
Financial instruments at fair value through equity	294				294
Financial assets at amortised cost	15,784	117	891	9	16,801
Other assets		192	1	4	197
Financial investments of insurance activities		14,710			14,710
<b>TOTAL ASSETS</b>	<b>16,332</b>	<b>16,038</b>	<b>981</b>	<b>3,180</b>	<b>36,531</b>
<b>LIABILITIES</b>					
Financial instruments at fair value through profit or loss	65	619		3,787	4,471
Derivatives used for hedging purposes					-
Financial liabilities at amortised cost	1,255	9,033	207	795	11,290
Other liabilities	2	188	68	3	261
<b>TOTAL LIABILITIES</b>	<b>1,322</b>	<b>9,840</b>	<b>275</b>	<b>4,585</b>	<b>16,022</b>
<b>MAXIMUM EXPOSURE TO LOSS</b>	<b>22,932</b>	<b>16,630</b>	<b>1,196</b>	<b>3,448</b>	<b>44,206</b>
<b>SIZE OF STRUCTURED ENTITIES <sup>(1)</sup></b>	<b>150,608</b>	<b>254,702</b>	<b>2,880</b>	<b>9,058</b>	<b>417,745</b>



In millions of euros, at 31 December 2018	Securitisation	Funds	Asset Financing	Others	Total
<b>INTERESTS ON THE GROUP BALANCE SHEET</b>					
<b>ASSETS</b>					
Financial instruments at fair value through profit or loss	213	806	8	1,015	2,042
Derivatives used for hedging purposes	212	490	163	90	955
Financial instruments at fair value through equity	149	24			173
Financial assets at amortised cost	14,129	224	811	65	15,229
Other assets		142	1		143
Financial investments of insurance activities		21,978		399	22,377
<b>TOTAL ASSETS</b>	<b>14,703</b>	<b>23,664</b>	<b>983</b>	<b>1,569</b>	<b>40,919</b>
<b>LIABILITIES</b>					
Financial instruments at fair value through profit or loss	53	803		1,544	2,400
Derivatives used for hedging purposes					-
Financial liabilities at amortised cost	738	14,113	128	1,079	16,058
Other liabilities		186	85	1	272
<b>TOTAL LIABILITIES</b>	<b>791</b>	<b>15,102</b>	<b>213</b>	<b>2,624</b>	<b>18,730</b>
<b>MAXIMUM EXPOSURE TO LOSS</b>	<b>19,641</b>	<b>23,853</b>	<b>1,559</b>	<b>2,005</b>	<b>47,058</b>
<b>SIZE OF STRUCTURED ENTITIES <sup>(1)</sup></b>	<b>99,642</b>	<b>253,140</b>	<b>3,544</b>	<b>13,419</b>	<b>369,745</b>

(1) the size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds (excluding management mandates) and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for financial assets at fair value through equity, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

### Information relative to interests in non-sponsored structured entities

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **Units in funds that are not managed by the Group, which are held by the Insurance business line:** as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 34 billion as at 31 December 2019 (EUR 30 billion as at 31 December 2018). Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;
- **Other investments in funds not managed by the Group:** as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in investment funds, in support of companies, as part of its venture capital business. These investments amounted to EUR 9 billion as at 31 December 2019 (8 billion as at 31 December 2018).

- **Investments in securitisation vehicles:** the breakdown of the Group's exposure and the nature of the securities held are presented in Chapter 5 of the Universal Registration Document in the section Securitisation as investor.

Besides, in the framework of its asset financing activity, the BNP Paribas Group provides financing to structured entities that are established by and for its clients and whose purpose is to acquire assets (aircraft, ships, etc.) intended for lease to those same clients. These financings amount to EUR 7 billion as at 31 December 2019 (EUR 9 billion as at 31 December 2018).

## 8.g COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

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 Universal Registration Document.

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

	Year to 31 Dec. 2019	Year to 31 Dec. 2018
<b>Gross remuneration, including Directors' fees and benefits in kind</b>		
- payable for the year	€ 6,289,752	€ 6,060,688
- paid during the year	€ 5,589,640	€ 9,428,032
<b>Post-employment benefits</b>		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€ 247,090	€ 243,028
Defined contribution pension plan : contributions paid by BNP Paribas during the year	€ 5,228	€ 5,124
<b>Welfare benefits: premiums paid by BNP Paribas during the year</b>	€ 12,743	€ 12,571
<b>Share-based payments</b>		
Stock subscription options		
- value of stock options granted during the year	Nil	Nil
- number of options held at 31 December	-	28,640
Performance shares		
- value of shares granted during the year	Nil	Nil
- number of shares held at 31 December	Nil	Nil
Long-term compensation		
- fair value at grant date (*)	€ 1,013,527	€ 463,594

(\*) Valuation according to the method described in note 7.e.

As at 31 December 2019, 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 2019 to all members of the Board of Directors amount to EUR 1,300,000 unchanged from 2018. The amount paid in 2019 to members other than corporate officers was EUR 1,179,556, compared with EUR 1,176,907 in 2018.

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

In euros	Year to 31 December 2019	Year to 31 December 2018
Gross remuneration paid during the year	111,368	108,077
Directors' fees (paid to the trade unions)	174,219	152,298
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	1,704	1,658
Contributions paid by BNP Paribas during the year into the defined-contribution plan	1,233	1,204



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

At 31 December 2019, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 4,775,072 (EUR 7,094,958 at 31 December 2018). These loans representing normal transactions were carried out on an arm's length basis.

## 8.h 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 8.j 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 2019		31 December 2018	
	Joint ventures	Associates	Joint ventures	Associates
<b>ASSETS</b>				
On demand accounts	3	139	2	171
Loans	4,408	103	3,784	85
Securities	732	-	769	-
Other assets	58	133	56	76
Financial investments of insurance activities	-	4	1	3
<b>Total</b>	<b>5,201</b>	<b>379</b>	<b>4,612</b>	<b>335</b>
<b>LIABILITIES</b>				
On demand accounts	354	689	150	555
Other borrowings	87	1,781	53	2,084
Other liabilities	6	6	43	61
Technical reserves and other insurance liabilities	-	70	-	2
<b>Total</b>	<b>447</b>	<b>2,546</b>	<b>246</b>	<b>2,702</b>
<b>FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS</b>				
Financing commitments given	114	651	132	671
Guarantee commitments given	2,545	37	2,543	44
<b>Total</b>	<b>2,659</b>	<b>688</b>	<b>2,675</b>	<b>715</b>

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. 2019		Year to 31 Dec. 2018	
	Joint ventures	Associates	Joint ventures	Associates
Interest income	29	9	17	25
Interest expense	(6)	(9)	(2)	(10)
Commission income	151	279	188	271
Commission expense	(12)	(28)	(15)	(18)
Services provided	1	52	1	16
Services received	(2)	(7)		
Lease income	1		1	
Net income from insurance activities	(2)	(6)	(2)	(1)
<b>Total</b>	<b>160</b>	<b>290</b>	<b>188</b>	<b>283</b>

#### 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 2019, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 4,156 million (EUR 3,853 million as at 31 December 2018). Amounts received by Group companies in the year to 31 December 2019 totalled EUR 4.6 million, and were mainly composed of management and custody fees (EUR 4.7 million in 2018).

## 8.i 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 2019. 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 2019	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>FINANCIAL ASSETS</b>					
Loans and advances to credit institutions and customers <sup>(1)</sup>		80,252	726,014	806,266	792,944
Debt securities at amortised cost (note 5.e)	75,884	31,168	3,103	110,155	108,454
<b>FINANCIAL LIABILITIES</b>					
Deposits from credit institutions and customers		919,995		919,995	919,234
Debt securities (note 5.h)	36,465	122,779		159,244	157,578
Subordinated debt (note 5.h)	7,858	12,926		20,784	20,003

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

In millions of euros, at 31 December 2018	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>FINANCIAL ASSETS</b>					
Loans and advances to credit institutions and customers <sup>(1)</sup>		82,358	681,583	763,941	753,293
Debt securities at amortised cost (note 5.e)	54,348	17,764	2,840	74,952	75,073
<b>FINANCIAL LIABILITIES</b>					
Deposits from credit institutions and customers		876,320		876,320	875,463
Debt securities (note 5.h)	49,233	102,511		151,744	151,451
Subordinated debt (note 5.h)	10,883	6,494		17,377	17,627

<sup>(1)</sup> 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.



8.j SCOPE OF CONSOLIDATION

Business	Name	Country	31 December 2019				31 December 2018			
			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	Full	100.0%	100.0%		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%	
	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%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP SA (United kingdom branch)	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP SA (United states 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%	
<b>RETAIL BANKING &amp; SERVICES</b>										
<b>DOMESTIC MARKETS</b>										
<b>Retail Banking - France</b>										
	Banque de Wallis et Futuna	France	Full <sup>(1)</sup>	51.0%	51.0%		Full <sup>(1)</sup>	51.0%	51.0%	
	BNPP Antilles Guyane	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	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%	E2
	BNPP Factor	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Factor (Spain branch)	Spain	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	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 <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Réunion	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Compagnie pour le Financement des Loisirs	France	Equity	46.0%	46.0%		Equity	46.0%	46.0%	V4
	Copartis	France	Equity <sup>(3)</sup>	50.0%	50.0%		Equity <sup>(3)</sup>	50.0%	50.0%	
	Euro Securities Partners	France	Equity <sup>(3)</sup>	50.0%	50.0%		Equity <sup>(3)</sup>	50.0%	50.0%	E1
	GIE Ocean	France	Full	100.0%	100.0%	E1				
	Partecis	France	Equity <sup>(3)</sup>	50.0%	50.0%		Equity <sup>(3)</sup>	50.0%	50.0%	E1
	Paylib Services	France	Equity	14.3%	14.3%	E1				
	Portzamparc (Ex- B*Capital)	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Portzamparc Société de Bourse	France				S4	Full <sup>(1)</sup>	94.9%	94.9%	V1
	Protection 24	France	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Société Lairoise de Participations	France	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
<b>*Retail Banking - Belgium</b>										
	Bancontact Paytoniq Company	Belgium	Equity	22.5%	22.5%		Equity	22.5%	22.5%	E1
	Banking Funding Company SA	Belgium	Equity	33.5%	33.5%		Equity	33.5%	33.5%	
	BASS Master Issuer NV <sup>(s)</sup>	Belgium	Full	-	-		Full	-	-	
	Belgian Mobile ID	Belgium	Equity	15.0%	15.0%		Equity	15.0%	15.0%	E3
	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%	E1
	BNPP Factor AS	Denmark	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Factor Deutschland BV	Netherlands								S4
	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 (Czech Republic branch)	Czech Rep.								S1
	BNPP Fortis (Denmark branch)	Denmark								S1
	BNPP Fortis (Romania branch)	Romania				S1	Full	100.0%	99.9%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Fortis (Spain branch)	Spain	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Fortis (United states branch)	USA	Full	100.0%	99.9%		Full	100.0%	99.9%	
	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%	E1
	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 <sup>(2)</sup>	50.0%	50.0%		Equity <sup>(3)</sup>	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%	
	Demetris NV	Belgium								S3
	Epimede <sup>(4)</sup>	Belgium	Equity	-	-		Equity	-	-	E1
	Esmee Master Issuer <sup>(5)</sup>	Belgium	Full	-	-		Full	-	-	
	Favor Finance	Belgium								S3
	Immo Beaulieu	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	E1
	Immobilier Sauveniere SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	D1
	Isabel SA NV	Belgium	Equity	25.3%	25.3%		Equity	25.3%	25.3%	E1
	Microstart	Belgium	Full	96.4%	76.7%	V1	Full	85.5%	66.2%	E1
	Private Equity Investments (e)	Belgium / Luxemburg	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%	E1
<b>Retail Banking - Luxemburg</b>										
	BGL BNPP	Luxemburg	Full	66.0%	65.9%		Full	66.0%	65.9%	
	BGL BNPP (Germany branch)	Germany	Full	100.0%	65.9%		Full	100.0%	65.9%	
	BNPP Lease Group Luxemburg SA	Luxemburg	Full	100.0%	65.9%		Full	100.0%	65.9%	
	BNPP SB Re	Luxemburg	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	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%	V4	Full	97.3%	97.2%	
	Elimmo SARL <sup>(6)</sup>	Luxemburg				S3	Full	-	-	E1
	Le Sphinx Assurances Luxemburg SA	Luxemburg	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Lion International Investments SA	Luxemburg	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Plagefin SA	Luxemburg				S4	Full	100.0%	65.9%	
	Visalux	Luxemburg	Equity	25.3%	16.7%	V4	Equity	24.8%	15.7%	E1
<b>Retail Banking - Italy</b>										
	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%	
	Business Partner Italia SCPA	Italy				S4	Full	100.0%	100.0%	V4

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	EMF IT 2008 1 SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Eutimm SRL	Italy	Full	100.0%	100.0%	E1				
	International Factors Italia SPA	Italy	Full	99.7%	99.7%		Full	99.7%	99.7%	
	Permico SPA	Italy	Equity	21.6%	21.6%	V4	Equity	20.9%	20.9%	E1
	Serfactoring SPA	Italy	Equity	27.0%	26.9%		Equity	27.0%	26.9%	E1
	Servizio Italia SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
	Sviluppo HQ Tiburtina SRL	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Tierre Securitisation SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela ABS SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela Consumer 2 SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela Consumer SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela Home SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela Mortgages SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela OBG SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
	Vela RMBS SRL <sup>(6)</sup>	Italy	Full	-	-		Full	-	-	
<b>Arval</b>										
	Annuo Jiutong	China								V2/S2
	Artel	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval AB	Sweden	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval AS	Denmark	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval AS Norway	Norway	Full <sup>(2)</sup>	100.0%	99.9%	E1				
	Arval Austria GmbH	Austria	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Belgium NV SA	Belgium	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Benelux BV	Netherlands	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Brasil Ltda	Brazil	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval BV	Netherlands	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval CZ SRO	Czech Rep.	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Deutschland GmbH	Germany	Full	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Fleet Services	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Hellas Car Rental SA	Greece	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval India Private Ltd	India	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval LLC	Russia	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Luxembourg SA	Luxemburg	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Magyarorszag KFT	Hungary	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval Maroc SA	Morocco	Full <sup>(2)</sup>	100.0%	89.0%		Full	100.0%	89.0%	D1
	Arval OY	Finland	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Relsa SPA	Chile	Equity	50.0%	50.0%		Equity <sup>(3)</sup>	50.0%	50.0%	E1

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Arval Schweiz AG	Switzerland	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Service Lease	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Service Lease Aluger Operational Automoveis SA	Portugal	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval Service Lease Italia SPA	Italy	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Service Lease Polska SP ZOO	Poland	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Service Lease Romania SRL	Romania	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	D1
	Arval Service Lease SA	Spain	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Slovakia SRO	Slovakia	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval Trading	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval UK Group Ltd	UK	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval UK Leasing Services Ltd	UK	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Arval UK Ltd	UK	Full	100.0%	99.9%		Full	100.0%	99.9%	
	BNPP Fleet Holdings Ltd	UK	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Cetelem Renting	France				S4	Full	100.0%	99.9%	E1
	Cofiparc	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Greenval Insurance DAC	Ireland	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Locadif	Belgium	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	Louveo	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	E1
	Public Location Longue Durée	France	Full <sup>(2)</sup>	100.0%	99.9%		Full	100.0%	99.9%	
	TEB Arval Arac Filo Kiralama AS	Turkey	Full <sup>(2)</sup>	100.0%	75.0%		Full	100.0%	75.0%	
<b>Leasing Solutions</b>										
	Albury Asset Rentals Ltd	UK								S1
	All In One Vermietung GmbH	Austria	Full	100.0%	83.0%		Full	100.0%	83.0%	E1
	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%	E1				
	BNPP 3 Step IT (Ex- Arius)	France	Full	51.0%	42.3%	V2	Full	100.0%	83.0%	
	BNPP 3 Step IT (Belgium branch)	Belgium	Full	100.0%	42.3%	E2				
	BNPP 3 Step IT (Germany branch)	Germany	Full	100.0%	42.3%	E2				
	BNPP 3 Step IT (Italy branch)	Italy	Full	100.0%	42.3%	E2				
	BNPP 3 Step IT (Netherlands branch)	Netherlands	Full	100.0%	42.3%	E2				
	BNPP 3 Step IT (United kingdom branch)	UK	Full	100.0%	42.3%	E2				
	BNPP B Institutional II Treasury 17 <sup>(6)</sup>	Belgium								S3
	BNPP Finansal Kiralama AS	Turkey	Full	100.0%	82.5%		Full	100.0%	82.5%	
	BNPP Lease Group	France	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	
	BNPP Lease Group (Germany branch)	Germany	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	
	BNPP Lease Group (Italy branch)	Italy	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	
	BNPP Lease Group (Portugal branch)	Portugal	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Lease Group (Spain branch)	Spain	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	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%	E1
	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%	V4
	BNPP Leasing Solution AS	Norway	Full	100.0%	83.0%		Full	100.0%	83.0%	E3
	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%	D1
	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%	D1
	Claas Financial Services	France	Full <sup>(1)</sup>	51.0%	42.3%		Full <sup>(1)</sup>	51.0%	42.3%	
	Claas Financial Services (Germany branch)	Germany	Full <sup>(1)</sup>	100.0%	42.3%		Full <sup>(1)</sup>	100.0%	42.3%	
	Claas Financial Services (Italy branch)	Italy	Full <sup>(1)</sup>	100.0%	42.3%		Full <sup>(1)</sup>	100.0%	42.3%	
	Claas Financial Services (Poland branch)	Poland	Full <sup>(1)</sup>	100.0%	42.3%		Full <sup>(1)</sup>	100.0%	42.3%	
	Claas Financial Services (Spain branch)	Spain	Full <sup>(1)</sup>	100.0%	42.3%		Full <sup>(1)</sup>	100.0%	42.3%	
	Claas Financial Services Ltd	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	
	CMV Mediforce	France	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	V3
	CNH Industrial Capital Europe	France	Full <sup>(1)</sup>	50.1%	41.6%		Full <sup>(1)</sup>	50.1%	41.6%	
	CNH Industrial Capital Europe (Belgium branch)	Belgium	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	CNH Industrial Capital Europe (Germany branch)	Germany	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	CNH Industrial Capital Europe (Italy branch)	Italy	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	CNH Industrial Capital Europe (Poland branch)	Poland	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	CNH Industrial Capital Europe (Spain branch)	Spain	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	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	Full	100.0%	83.0%		Full	100.0%	83.0%	
	ES-Finance	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	FL Zeebrugge <sup>(6)</sup>	Belgium	Full	-	-		Full	-	-	D1
	Folea Grundstücksverwaltungs Vermietungs GmbH & Co <sup>(6)</sup>	Germany	Full	-	-		Full	-	-	D1
	Fortis Lease	France	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	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%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Fortis Lease UK Ltd	UK	Full	100.0%	83.0%		Full	100.0%	83.0%	D1
	Fortis Vastgoedlease BV	Netherlands	Full	100.0%	83.0%		Full	100.0%	83.0%	D1
	Hefliq Heftruck Verhuur BV	Netherlands	Full	50.0%	41.5%		Full	50.1%	41.5%	E1
	Humberclyde Commercial Investments Ltd	UK								S1
	JCB Finance	France	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	JCB Finance (Germany branch)	Germany	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	100.0%	41.6%	
	JCB Finance (Italy branch)	Italy	Full <sup>(1)</sup>	100.0%	41.6%		Full <sup>(1)</sup>	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%	
	MFF	France	Full <sup>(1)</sup>	51.0%	42.3%		Full <sup>(1)</sup>	51.0%	42.3%	
	Natio Energie 2	France	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Natiocredibail	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	RD Leasing IFN SA	Romania	Full	100.0%	83.0%		Full	100.0%	83.0%	E3
	Same Deutz Fahr Finance	France	Full <sup>(1)</sup>	100.0%	83.0%		Full <sup>(1)</sup>	100.0%	83.0%	
	Same Deutz Fahr Finance Ltd	UK								S1
	SNC Natiocredimurs	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	UCB Bail 2	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
<b>New Digital Businesses</b>										
	Financière des Paiements Electroniques	France	Full	95.0%	95.0%		Full	95.0%	95.0%	
	Financière des Paiements Electroniques (succ. Espagne)	Spain	Full	100.0%	95.0%	E2				
	Lyf SA	France	Equity <sup>(3)</sup>	43.8%	43.8%	V2	Equity <sup>(3)</sup>	46.0%	46.0%	V1
	Lyf SAS	France	Equity <sup>(3)</sup>	45.4%	45.4%	V2	Equity <sup>(3)</sup>	45.8%	45.8%	V1
<b>Personal Investors</b>										
	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 Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Sharekhan Commodities Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Sharekhan Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
<b>INTERNATIONAL FINANCIAL SERVICES</b>										
<b>BNP Paribas Personal Finance</b>										
	Alpha Crédit SA	Belgium	Full	100.0%	99.9%		Full	100.0%	99.9%	
	AutoFlorence 1 SRL <sup>(5)</sup>	Italy	Full	-	-	E1				
	Autonomia 2019 <sup>(5)</sup>	France	Full	-	-	E2				
	Autonomia Spain 2019 <sup>(5)</sup>	Spain	Full	-	-	E2				
	Autop Ocean Indien	France	Full	100.0%	97.8%		Full	100.0%	97.8%	E1
	Axa Banque Financement	France	Equity	35.0%	35.0%		Equity	35.0%	35.0%	
	B Carat <sup>(5)</sup>	Belgium								S1
	Banco BNPP Personal Finance SA	Portugal	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Banco Cetelem Argentina SA	Argentina				S3	Full	100.0%	100.0%	
	Banco Cetelem SA	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Banco Cetelem SAU	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Banco de Servicios Financieros SA	Argentina				S2	Equity	40.0%	40.0%	
	Banque Solfea	France	Equity <sup>(3)</sup>	45.0%	45.0%		Equity <sup>(3)</sup>	45.0%	45.0%	
	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%	E2
	BNPP Personal Finance (Czech republic branch)	Czech Rep.	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Personal Finance (Romania branch)	Romania	Full	100.0%	100.0%		Full	100.0%	100.0%	E2
	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 EAD	Bulgaria								S4
	BNPP Personal Finance South Africa Ltd	South Africa	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cafineo	France	Full <sup>(1)</sup>	51.0%	50.8%		Full <sup>(1)</sup>	51.0%	50.8%	
	Carrefour Banque	France	Equity	40.0%	40.0%		Equity	40.0%	40.0%	
	Cartolarizzazione Auto Receivable's SRL <sup>(5)</sup>	Italy								S3
	Cetelem Algérie	Algeria	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Cetelem America Ltda	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cetelem Bank LLC	Russia	Equity	20.8%	20.8%		Equity	20.8%	20.8%	
	Cetelem Gestion AIE	Spain	Full	99.0%	95.5%	V2	Full	100.0%	96.5%	E1
	Cetelem IFN	Romania								S4
	Cetelem SA de CV	Mexico	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Cetelem Servicios Informaticos AIE	Spain	Full	99.0%	80.5%	V2	Full	100.0%	81.5%	E1
	Cetelem Servicios SA de CV	Mexico	Full	100.0%	100.0%	E1				
	Cetelem Servicos Ltda	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
	Cofica Bail	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Cofinoga Funding Two LP <sup>(5)</sup>	UK	Full	-	-		Full	-	-	
	Cofiplan	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	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 <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Crédit Moderne Océan Indien	France	Full <sup>(1)</sup>	97.8%	97.8%		Full <sup>(1)</sup>	97.8%	97.8%	
	Domofinance	France	Full <sup>(1)</sup>	55.0%	55.0%		Full <sup>(1)</sup>	55.0%	55.0%	
	E carat 10 <sup>(5)</sup>	France	Full	-	-	E2				
	Ecarat SA <sup>(5)</sup>	Luxemburg	Full	-	-		Full	-	-	
	Ecarat UK (a) <sup>(5)</sup>	UK	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%	E2
	Eos Aremas Belgium SA NV	Belgium	Equity	50.0%	49.9%		Equity	50.0%	49.9%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	FCT F Carat <sup>(5)</sup>	France								S1
	Findomestic Banca SPA	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Florence 1 SRL <sup>(5)</sup>	Italy								S1
	Florence SPV SRL <sup>(5)</sup>	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 <sup>(3)</sup>	20.0%	20.0%		Equity <sup>(3)</sup>	20.0%	20.0%	
	Gesellschaft für Capital & Vermögensverwaltung GmbH	Germany								S3
	I Carat SRL <sup>(5)</sup>	Italy								S1
	Inkasso Kodat GmbH & Co KG	Germany								S3
	International Development Resources AS Services SA	Spain								S3
	Laser ABS 2017 Holding Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Laser ABS 2017 PLC <sup>(5)</sup>	UK	Full	-	-		Full	-	-	
	Leval 20	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Loisirs Finance	France	Full <sup>(1)</sup>	51.0%	51.0%		Full <sup>(1)</sup>	51.0%	51.0%	
	Magyar Cetelem Bank ZRT	Hungary	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Neully Contentieux	France	Full	96.0%	95.7%		Full	96.0%	95.7%	E1
	Noria 2018-1 <sup>(5)</sup>	France	Full	-	-		Full	-	-	E2
	Norskten Finance	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Olympia SAS	France	Full	50.0%	50.0%		Full	50.0%	50.0%	
	Oney Magyarorszag ZRT	Hungary	Equity	40.0%	40.0%		Equity	40.0%	40.0%	
	Opel Bank	France	Full	50.0%	50.0%		Full	50.0%	50.0%	
	Opel Bank (Germany branch)	Germany	Full	100.0%	50.0%	E2				
	Opel Bank (Greece branch)	Greece	Full	100.0%	50.0%	E2				
	Opel Bank (Italy branch)	Italy	Full	100.0%	50.0%	E2				
	Opel Bank (Spain branch)	Spain	Full	100.0%	50.0%	E2				
	Opel Bank GmbH	Germany				S4	Full	100.0%	50.0%	
	Opel Bank GmbH (Greece branch)	Greece				S4	Full	100.0%	50.0%	
	Opel Bank GmbH (Ireland branch)	Ireland				S1	Full	100.0%	50.0%	
	Opel Bank GmbH (Spain branch)	Spain				S4	Full	100.0%	50.0%	E2
	Opel Finance AB	Sweden				S3	Full	100.0%	50.0%	D1
	Opel Finance BV (Ex-Opel Finance BVBA)	Belgium	Full	100.0%	50.0%		Full	100.0%	50.0%	D1
	Opel Finance Germany Holdings GmbH	Germany								S4
	Opel Finance International BV	Netherlands	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Opel Finance NV	Netherlands	Full	100.0%	50.0%		Full	100.0%	50.0%	D1
	Opel Finance NV (Belgium branch)	Belgium								S1
	Opel Finance SA	Switzerland	Full	100.0%	50.0%		Full	100.0%	50.0%	D1
	Opel Finance SPA	Italy				S4	Full	100.0%	50.0%	
	Opel Leasing GmbH	Germany	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Opel Leasing GmbH (Austria branch)	Austria	Full	100.0%	50.0%		Full	100.0%	50.0%	
	OPVF Europe Holdco Ltd	UK								S4
	OPVF Holdings UK Ltd	UK								S1



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Phedina Hypotheken 2010 BV <sup>(S)</sup>	Netherlands	Full	-	-		Full	-	-	
	Phedina Hypotheken 2013 I BV <sup>(S)</sup>	Netherlands				S1	Full	-	-	
	Projeo	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	RCS Cards Pty Ltd	South Africa	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Securely Transferred Auto Receivables II SA <sup>(S)</sup>	luxemburg								S3
	Securitisations fund Autonoria <sup>(S)</sup>	France				S1	Full	-	-	
	Securitisations funds Domos (c) <sup>(S)</sup>	France	Full	-	-		Full	-	-	
	Securitisations funds UCI and RMBS Prado (b) <sup>(S)</sup>	Spain	Equity <sup>(2)</sup>	-	-		Equity <sup>(2)</sup>	-	-	
	Servicios Financieros Carrefour EFC SA	Spain	Equity	37.3%	40.0%		Equity	37.3%	40.0%	
	Sevenday Finans AB	Sweden								S4
	Sundaram BNPP Home Finance Ltd	India				S2	Equity <sup>(3)</sup>	49.9%	49.9%	
	Suning Consumer Finance Co Ltd	China	Equity	15.0%	15.0%		Equity	15.0%	15.0%	
	Syigma 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%	
	UCB Ingatlanhitel ZRT	Hungary				S4	Full	100.0%	100.0%	
	Union de Creditos Inmobiliarios SA	Spain	Equity <sup>(2)</sup>	50.0%	50.0%		Equity <sup>(2)</sup>	50.0%	50.0%	
	United Partnership	France	Equity <sup>(2)</sup>	50.0%	50.0%		Equity <sup>(2)</sup>	50.0%	50.0%	E1
	Vault Funding Ltd <sup>(S)</sup>	UK								S3
	Vauxhall Finance PLC	UK	Full	100.0%	50.0%		Full	100.0%	50.0%	
	Von Essen Bank GmbH	Germany				S4	Full	100.0%	99.9%	
	Warf 2012 Ltd <sup>(S)</sup>	UK								S3
<b>International Retail Banking - BancWest</b>										
	1897 Services Corp	USA				S4	Full	100.0%	100.0%	
	BancWest Corp	USA				S4	Full	100.0%	100.0%	
	BancWest Holding Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BancWest Holding Inc Grantor Trust ERC Subaccount <sup>(S)</sup>	USA	Full	-	-	E1				
	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 2014-1 <sup>(S)</sup>	USA								S1
	Bank of the West Auto Trust 2015-1 <sup>(S)</sup>	USA								S2
	Bank of the West Auto Trust 2017-1 <sup>(S)</sup>	USA								S2
	Bank of the West Auto Trust 2018-1 <sup>(S)</sup>	USA	Full	-	-		Full	-	-	
	Bank of the West Auto Trust 2019-1 (Ex- Bank of the West Auto Trust 2018-2) <sup>(S)</sup>	USA	Full	-	-		Full	-	-	E2
	Bank of the West Auto Trust 2019-2 <sup>(S)</sup>	USA	Full	-	-	E2				
	Bishop Street Capital Management Corp	USA								V3/S2
	BNPP Leasing Solutions Canada Inc	Canada	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	BOW Auto Receivables LLC <sup>(S)</sup>	USA	Full	-	-		Full	-	-	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BWC Opportunity Fund 2 Inc <sup>(6)</sup>	USA	Full	-	-	E2				
	BWC Opportunity Fund Inc <sup>(6)</sup>	USA	Full	-	-		Full	-	-	E2
	Center Club Inc	USA								V3/S2
	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%	
	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%	
	FHL SPC One Inc	USA								V3/S2
	First Bancorp <sup>(6)</sup>	USA				S4	Full	-	-	
	First Hawaiian Bank	USA								V3/S2
	First Hawaiian Inc	USA				S2	Equity	18.4%	18.4%	V2
	First Hawaiian Leasing Inc	USA								V3/S2
	First National Bancorporation <sup>(6)</sup>	USA				S1	Full	-	-	
	First Santa Clara Corp <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	Glendale Corporate Center Acquisition LLC <sup>(6)</sup>	USA								S2
	LACMTA Rail Statutory Trust FH1 <sup>(6)</sup>	USA								V3/S2
	Liberty Leasing Co	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Mountain Falls Acquisition Corp	USA				S1	Full	100.0%	100.0%	
	Real Estate Delivery 2 Inc	USA								V3/S2
	ST 2001 FH 1 Statutory Trust <sup>(6)</sup>	USA								V3/S2
	The Bankers Club Inc	USA								V3/S2
	Ursus Real Estate Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	VTA 1998 FH <sup>(6)</sup>	USA								S1
<b>International Retail Banking - Europe Mediterranean</b>										
	Bank of Nanjing	China	Equity	15.0%	15.0%		Equity	15.0%	15.0%	V2
	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	Equity	47.0%	47.0%		Equity	47.0%	47.0%	
	Banque Internationale pour le Commerce et l'Industrie du Mali	Mali	Full	85.0%	85.0%		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	Full	51.0%	51.0%		Full	51.0%	51.0%	E1
	Bantas Nakit AS	Turkey	Equity <sup>(3)</sup>	33.3%	16.7%		Equity <sup>(3)</sup>	33.3%	16.7%	E1



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BDSI	Morocco	Full	100.0%	96.4%	E1				
	BGZ BNPP Faktoring Spolka ZOO	Poland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BGZ Poland ABS1 DAC <sup>(5)</sup>	Ireland	Full	-	-		Full	-	-	
	BICI Bourse	Ivory Coast	Full	90.0%	53.5%		Full	90.0%	53.5%	D1
	BMCI Leasing	Morocco	Full	86.9%	58.2%		Full	86.9%	58.2%	
	BNPP Bank Polska SA (Ex- Bank BGZ BNPP SA)	Poland	Full	88.8%	88.7%		Full	88.8%	88.7%	V4
	BNPP El Djazair	Algeria	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%	E3
	BNPP Yatirimlar Holding AS	Turkey	Full	100.0%	100.0%		Full	100.0%	100.0%	
	IC Axa Insurance JSC	Ukraine				S2	Equity	49.8%	29.9%	
	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	Full	100.0%	72.5%	V4	Full	54.8%	39.7%	V3
	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%	
	UkrSibbank Public JSC	Ukraine	Full	60.0%	60.0%		Full	60.0%	60.0%	
	Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50.1%	50.1%		Full	50.1%	50.1%	
<b>Insurance</b>										
	AEW Immocommercial <sup>(6)</sup>	France	FV	-	-		FV	-	-	E1
	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%	E1
	Ambrosia Avril 2025 <sup>(6)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	E1
	Astridplaza	Belgium	Full <sup>(2)</sup>	100.0%	98.4%	E3				
	Batipart Participations SAS	Luxemburg	FV	29.7%	29.7%		FV	29.7%	29.7%	E3
	BNPP ABS Europe AAA <sup>(5)</sup>	France				S4	Full <sup>(4)</sup>	-	-	E1
	BNPP ABS Europe IG <sup>(5)</sup>	France				S4	Full <sup>(4)</sup>	-	-	E1
	BNPP ABS Opportunities <sup>(5)</sup>	France				S4	Full <sup>(4)</sup>	-	-	E1
	BNPP Actions Croissance (Ex- Camgestion Actions Croissance) <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	E1
	BNPP Actions Entrepreneurs <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	E1
	BNPP Actions Euro (Ex- Camgestion Actions Euro) <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V3	Full <sup>(4)</sup>	-	-	E1
	BNPP Actions Monde <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	E1
	BNPP Actions PME <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V3	Full <sup>(4)</sup>	-	-	E1
	BNPP Aqua <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	
	BNPP Best Selection Actions Euro (Ex- BNPP Actions Euroland) <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V3	Full <sup>(4)</sup>	-	-	
	BNPP Cardif	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif BV	Netherlands	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Cardif Compania de Seguros y Reaseguros SA	Peru	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Emekliik AS	Turkey	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif General Insurance Co Ltd	Rep. of Korea	Equity *	91.3%	91.3%	V4	Equity *	90.0%	90.0%	
	BNPP Cardif Hayat Sigorta AS	Turkey	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	BNPP Cardif Levensverzekeringen NV	Netherlands	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif Pojistovna AS	Czech Rep.	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif Schadeverzekeringen NV	Netherlands	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif Seguros de Vida SA	Chile	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Cardif Seguros Generales SA	Chile	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	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%	E1
	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 <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	BNPP Convictions <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	
	BNPP CP Cardif Alternative <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	BNPP CP Cardif Private Debt <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	BNPP Développement Humain <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	
	BNPP Diversipierre <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	BNPP Euro Valeurs Durables <sup>(5)</sup>	France				S3	Full <sup>(4)</sup>	-	-	E1
	BNPP France Crédit <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	BNPP Global Senior Corporate Loans <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	
	BNPP Indice Amerique du Nord <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V4	Full <sup>(4)</sup>	-	-	E1
	BNPP Indice Euro <sup>(5)</sup>	France				S3	Full <sup>(4)</sup>	-	-	
	BNPP Midcap France <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V3	Full <sup>(4)</sup>	-	-	E1
	BNPP Moderate Focus Italia <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	BNPP Monétaire Assurance <sup>(5)</sup>	France				S3	Full <sup>(4)</sup>	-	-	E1
	BNPP Multistratégies Protection 80 <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	BNPP Protection Monde <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
	BNPP Rendactis (Ex- Camgestion Rendactis) <sup>(5)</sup>	France				S3	Full <sup>(4)</sup>	-	-	E1
	BNPP Sélection Dynamique Monde <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	V3	Full <sup>(4)</sup>	-	-	E1
	BNPP Sélection Flexible <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
	BOB Cardif Life Insurance Co Ltd	China	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	C Santé <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	E1
	Camgestion Obliflexible <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Capital France Hotel	France	Full <sup>(2)</sup>	98.4%	98.4%		Full <sup>(2)</sup>	98.4%	98.4%	
	Cardif Alternatives Part I <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Cardif Assurance Vie	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Austria branch)	Austria	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Belgium branch)	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Germany branch)	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Italy branch)	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Japan branch)	Japan				S1	Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Portugal branch)	Portugal	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Romania branch)	Romania	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Spain branch)	Spain	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Switzerland branch)	Switzerland	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurance Vie (Taiwan branch)	Taiwan	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Austria branch)	Austria	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Germany branch)	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Italy branch)	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Japan branch)	Japan				S1	Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Luxemburg branch)	Luxemburg	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Poland branch)	Poland	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Romania branch)	Romania	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Spain branch)	Spain	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Biztosito Magyarorszag ZRT	Hungary	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	E1
	Cardif BNPP AM Frontier Markets (Ex- Cardif BNPP IP Equity Frontier Markets) <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardif BNPP IP Convertibles World <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardif BNPP IP Signatures <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardif BNPP IP Smid Cap Euro <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardif BNPP IP Smid Cap Europe	France				S3	Full <sup>(2)</sup>	-	-	
	Cardif Colombia Seguros Generales SA	Colombia	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif CPR Global Return <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardif do Brasil Seguros e Garantias SA	Brazil	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif do Brasil Vida e Previdencia SA	Brazil	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Cardif Edrim Signatures <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	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 <sup>(2)</sup>	66.0%	66.0%		Full <sup>(2)</sup>	66.0%	66.0%	V3/D1
	Cardif Insurance Co LLC	Russia	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Life	Luxemburg				S4	Full <sup>(2)</sup>	100.0%	88.6%	E3/V4
	Cardif Life Insurance Co Ltd	Rep. of Korea	Full <sup>(2)</sup>	85.0%	85.0%		Full <sup>(2)</sup>	85.0%	85.0%	
	Cardif Life Insurance Japan	Japan	Full <sup>(2)</sup>	75.0%	75.0%		Full <sup>(2)</sup>	75.0%	75.0%	E1
	Cardif Livforsakring AB	Sweden	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Livforsakring AB (Denmark branch)	Denmark	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Livforsakring AB (Norway branch)	Norway	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Ltda	Brazil	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	E1
	Cardif Lux Vie	Luxemburg	Full <sup>(2)</sup>	100.0%	88.6%		Full <sup>(2)</sup>	100.0%	88.6%	V1
	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 <sup>(2)</sup>	100.0%	75.0%		Full <sup>(2)</sup>	100.0%	75.0%	E1
	Cardif Nordic AB	Sweden	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Pinnacle Insurance Holdings PLC	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Pinnacle Insurance Management Services PLC	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Polska Towarzystwo Ubezpieczen Na Zycie SA	Poland	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Seguros SA	Argentina	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cardif Services AEIE	Portugal	Full <sup>(2)</sup>	100.0%	100.0%	E1				
	Cardif Servicios SA	Argentina	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	
	Cardif Servicios SAC	Peru	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	E1
	Cardif Vita Convex Fund Eur <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Cardimmo	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Cargeas Assicurazioni SPA	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Carma Grand Horizon SARL	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	CB UK Ltd	UK				S1	Full <sup>(2)</sup>	100.0%	100.0%	
	Cedrus Carbon Initiative Trends <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	CFH Algonquin Management Partners France Italia	Italy	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Bercy	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Bercy Hotel	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Bercy Intermédiaire	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Boulogne	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	CFH Cap d'Ail	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Milan Holdco SRL	Italy	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Montmartre	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	CFH Montparnasse	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	Corosa	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Damell DAC	Ireland	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Défense CB3 SAS	France	FV	25.0%	25.0%		FV	25.0%	25.0%	E1
	EP L <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-	V4	Full <sup>(2)</sup>	-	-	
	Fleur SAS	France	FV	33.3%	33.3%		FV	33.3%	33.3%	E1
	Foncière Partenaires <sup>(5)</sup>	France	FV	-	-		FV	-	-	E1
	Fonds d'Investissements Immobiliers pour le Commerce et la Distribution	France	FV	25.0%	25.0%		FV	25.0%	25.0%	E1
	FP Cardiff Convex Fund USD <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Fundamenta <sup>(5)</sup>	Italy	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	G C Thematic Opportunities II <sup>(6)</sup>	Ireland	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	GIE BNPP Cardiff	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	V4
	Harewood Helena 2 Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	E1
	Hemisphere Holding	France	Equity	20.0%	20.0%	E2				
	Hibernia France	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	High Street Retail	France	FV	23.8%	23.8%	E1				
	Horizon GmbH	Germany	FV	66.7%	66.7%	E3				
	Icare	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Icare Assurance	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Luizaseg	Brazil	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	Natio Assurance	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	V1
	Natio Fonds Ampère 1 <sup>(6)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	
	Natio Fonds Athenes Investissement N 5 <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	V4
	Natio Fonds Colline International <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Natio Fonds Collines Investissement N 1 <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Natio Fonds Collines Investissement N 3 <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	NCVP Participacoes Societarias SA	Brazil	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	New Alpha Cardiff Incubator Fund <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Opéra Rendement <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Paris Management Consultant Co Ltd	Taiwan	Equity *	100.0%	100.0%	E1				
	Permal Cardiff Co Investment Fund <sup>(6)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Pinnacle Insurance PLC	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Poistovna Cardiff Slovakia AS	Slovakia	Equity *	100.0%	100.0%		Equity *	100.0%	100.0%	



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Preim Healthcare SAS <sup>(5)</sup>	France	FV	-	-		FV	-	-	E1
	PWH	France	FV	47.4%	47.4%		FV	47.4%	47.4%	E1
	Reumal Investissements	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Rubin SARL	Luxemburg	FV	50.0%	50.0%		FV	50.0%	50.0%	E1
	Rueil Ariane	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SAS HVP	France	Full <sup>(2)</sup>	100.0%	98.4%		Full <sup>(2)</sup>	100.0%	98.4%	V3
	SCI 68/70 rue de Lagny - Montreuil	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Alpha Park	France	FV	50.0%	50.0%		FV	50.0%	50.0%	E1
	SCI BNPP Pierre I	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI BNPP Pierre II	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Bobigny Jean Rostand	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Bouleragny	France	FV	50.0%	50.0%		FV	50.0%	50.0%	E1
	SCI Cardif Logement	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Citylight Boulogne	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Clichy Nuovo	France	FV	50.0%	50.0%		FV	50.0%	50.0%	E1
	SCI Défense Etoile	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Défense Vendôme	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Etoile du Nord	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Fontenay Plaisance	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Imefa Velizy	France	FV	21.8%	21.8%		FV	21.8%	21.8%	E1
	SCI Le Mans Gare	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Liberté	France	FV	50.0%	50.0%		FV	50.0%	50.0%	E1
	SCI Nanterre Guillaeraies	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Nantes Carnot	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Odyssee	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Pantin Les Moulins	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Paris Batignolles	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Paris Cours de Vincennes	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Paris Turenne	France	Full <sup>(2)</sup>	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 <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Rueil Caudron	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Saint Denis Landy	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Saint Denis Mitterrand	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	SCI Saint-Denis Jade	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	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%	E1

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	SCI Villeurbanne Stalingrad	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Secar	France	FV	55.1%	55.1%	V2	FV	59.0%	59.0%	E1
	Seniorenzentren Deutschland Holding SARL <sup>(5)</sup>	Luxemburg	FV	20.0%	17.7%		FV	-	-	E1
	Seniorenzentren Reinbeck Oberursel München Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	E3
	Seniorenzentrum Butzbach Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	E3
	Seniorenzentrum Heilbronn Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	E3
	Seniorenzentrum Kassel Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	E3
	Seniorenzentrum Wolfrahtshausen Objekt GmbH	Germany	FV	35.0%	31.0%		FV	35.0%	31.0%	E3
	Société Française d'Assurances sur la Vie	France	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
	Société Immobilière du Royal Building SA	Luxemburg	Full <sup>(2)</sup>	100.0%	88.6%		Full <sup>(2)</sup>	100.0%	88.6%	V4
	State Bank of India Life Insurance Co Ltd	India				S2	Equity	22.0%	22.0%	
	Tikehau Cardif Loan Europe <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Valeur Pierre Epargne	France	Full <sup>(2)</sup>	100.0%	100.0%		Full <sup>(2)</sup>	100.0%	100.0%	
	Valtires FCP <sup>(5)</sup>	France	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	
	Velizy SAS	France	FV	33.3%	33.3%		FV	33.3%	33.3%	E1
	Vietcombank Cardif Life Insurance Co Ltd	Viet Nam	Equity	55.0%	55.0%	V1	Equity	43.0%	43.0%	E1
<b>Wealth Management</b>										
	BNPP Espana SA	Spain				S4	Full	99.7%	99.7%	
	BNPP Wealth Management Monaco	Monaco	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
<b>Asset Management</b>										
	Alfred Berg Asset Management AB	Sweden								S4
	Alfred Berg Kapitalforvaltning AB	Sweden	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	Alfred Berg Kapitalforvaltning AS	Norway	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	Alfred Berg Kapitalforvaltning AS (Sweden branch)	Sweden	Full	100.0%	98.2%	E2				
	Ambrosia Mars 2026 <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	Bancoestado Administradora General de Fondos SA	Chile	Equity	50.0%	49.1%		Equity	50.0%	49.1%	V3
	BNP Paribas Indice France (Ex- BNPP Indice France) <sup>(5)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	BNPP Asset Management Asia Ltd	Hong Kong	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management Be Holding	Belgium	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management Belgium	Belgium	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management Belgium (Germany branch)	Germany				S1	Full	100.0%	98.2%	V3
	BNPP Asset Management Brasil Ltda	Brazil	Full	100.0%	99.5%		Full	100.0%	99.5%	V3
	BNPP Asset Management France	France	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management France (Austria branch)	Austria	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management France (Germany branch)	Germany	Full	100.0%	98.2%	E2				
	BNPP Asset Management France (Italy branch)	Italy	Full	100.0%	98.2%		Full	100.0%	98.2%	E2
	BNPP Asset Management Holding	France	Full	99.9%	98.2%		Full	99.9%	98.2%	V3
	BNPP Asset Management India Private Ltd	India	Full	100.0%	98.2%		Full	100.0%	98.2%	D1
	BNPP Asset Management Japan Ltd	Japan	Full	100.0%	98.2%		Full	100.0%	98.2%	V3

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Asset Management Luxembourg	Luxemburg	Full	99.7%	97.9%		Full	99.7%	97.9%	V3
	BNPP Asset Management Nederland NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management Netherlands NV	Netherlands				S4	Full	100.0%	98.3%	
	BNPP Asset Management NL Holding NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management PT (Ex- BNPP Investment Partners PT)	Indonesia	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	BNPP Asset Management Services Grouping	France	Full	100.0%	98.2%		Full	100.0%	98.2%	E1/V3
	BNPP Asset Management UK Ltd	UK	Full	100.0%	98.2%		Full	100.0%	98.2%	V3
	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 <sup>(S)</sup>	Belgium	Full	-	-	E1				
	BNPP B Institutional II <sup>(S)</sup>	Belgium	Full	-	-		Full	-	-	
	BNPP Capital Partners	France	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
	BNPP CP Infrastructure Investments Fund (Ex-Theam Infrastructure Investments fund) <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	BNPP Dealing Services	France	Full <sup>(1)</sup>	100.0%	98.2%		Full <sup>(1)</sup>	100.0%	98.2%	V3
	BNPP Dealing Services (United Kingdom branch)	UK								S1
	BNPP Deep Value (Ex- Camgestion Deep Value) <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	BNPP Funds (Ex- Parvest) <sup>(S)</sup>	Luxemburg	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
	BNPP Investment Partners SGR SPA	Italy								S4
	BNPP L1 <sup>(S)</sup>	Luxemburg	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
	BNPP Perspectives <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
	BNPP Smallcap Euroland <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	CamGestion Obligations Europe <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	Cardif BNPP IP Global Senior Corporate Loans <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	EAB Group PLC (Ex- Elite Asset Management PLC)	Finland	Equity	17.6%	17.3%	V3	Equity	19.0%	18.7%	V3
	Eclair <sup>(S)</sup>	France	Full <sup>(4)</sup>	-	-	E1				
	EMZ Partners	France				S2	Equity	24.9%	24.9%	E1
	Fund Channel	Luxemburg	Equity <sup>(3)</sup>	50.0%	49.1%		Equity <sup>(3)</sup>	50.0%	49.1%	V3
	Fundquest	France				S3	Full <sup>(4)</sup>	-	-	E1
	Fundquest Advisor	France	Full	100.0%	98.2%		Full	100.0%	98.2%	D1/V3
	Fundquest Advisor (United kingdom branch)	UK	Full	100.0%	98.2%		Full	100.0%	98.2%	D1/V3
	Gambit Financial Solutions	Belgium	Full	86.0%	84.4%		Full	86.0%	84.4%	E1/V3
	Groeivermogen NV	Netherlands	Full	100.0%	98.2%		Full	100.0%	98.2%	E1
	Haitong Foris 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%	E1
	HFT Investment Management Co Ltd	China	Equity	49.0%	48.1%		Equity	49.0%	48.1%	V3
	Impax Asset Management Group PLC	UK	Equity	24.5%	24.0%		Equity	24.5%	24.0%	V3
	Parworld <sup>(S)</sup>	Luxemburg	Full	-	-		Full <sup>(4)</sup>	-	-	E1
	Services Epargne Entrepise	France	Equity	37.1%	37.1%		Equity	37.1%	37.1%	E1



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Shinhan BNPP Asset Management Co Ltd	Rep. of Korea	Equity	35.0%	34.4%		Equity	35.0%	34.4%	V3
	SME Alternative Financing DAC <sup>(6)</sup>	Ireland	Full	-	-		Full	-	-	E1
	Theam Quant <sup>(6)</sup>	Luxemburg	Full <sup>(4)</sup>	-	-		Full <sup>(4)</sup>	-	-	E1
<b>Real Estate Services</b>										
	99 West Tower GmbH (Ex- 99 West Tower GmbH & Co KG)	Germany				S2	Full	100.0%	100.0%	
	99 West Tower GP GmbH	Germany				S3	Full	100.0%	100.0%	
	Auguste Thouard Expertise	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Immobilier Promotion Immobilier d'Entreprise	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Immobilier Promotion Résidentiel	France								S4
	BNPP Immobilier Résidences Services	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Immobilier Résidentiel	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Immobilier Résidentiel Service Clients	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate (United arab emirates branch)	United Arab Emirates	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory & Property Management Luxembourg SA	Luxemburg	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory & Property Management UK Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory and Property Management Ireland Ltd	Ireland	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory Belgium SA	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory Italy SPA	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory Netherlands BV	Netherlands	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Advisory SA	Romania	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate APM CR SRO	Czech Rep.	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Conseil Habitation & Hospitality	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Consult France	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Consult GmbH	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Facilities Management Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Financial Partner	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate GmbH	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Holding Benelux SA	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Holding GmbH	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Holding Netherlands BV	Netherlands								S4
	BNPP Real Estate Investment Management Belgium	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full	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%	
	BNPP Real Estate Investment Management Germany GmbH (Italy branch)	Italy	Full	94.9%	94.9%		Full	94.9%	94.9%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	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 <sup>(2)</sup>	100.0%	100.0%		Full	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 <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Investment Management UK Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Investment Services	France								S4
	BNPP Real Estate Italy SRL	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Magyarország Tanácsadó Es Ingatlankezelő ZRT	Hungary	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Poland SP ZOO	Poland	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Portugal Unipersonal LDA	Portugal	Full <sup>(2)</sup>	100.0%	100.0%	E2				
	BNPP Real Estate Property Development & Services GmbH (Ex- BNPP Real Estate Investment Management International GmbH)	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	E2
	BNPP Real Estate Property Development UK Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Developpement Italy SPA	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Management Belgium	Belgium	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Management France SAS	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Management GmbH	Germany	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Management Italy SRL	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Property Management Spain SA	Spain								S4
	BNPP Real Estate Singapore Pte Ltd	Singapore	Full <sup>(2)</sup>	100.0%	100.0%	E2				
	BNPP Real Estate Spain SA (Ex- BNPP Real Estate Advisory Spain SA)	Spain	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Real Estate Transaction France	France	Full <sup>(2)</sup>	96.5%	96.5%	V4	Full	96.0%	96.0%	V2
	BNPP Real Estate Valuation France	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Cariboo Development SL	Spain	Equity	75.0%	75.0%	E3				
	Construction-Sale Companies (d)	France	Full / Equity <sup>(2)</sup>	-	-		Full / Equity	-	-	
	GIE Siège Issy	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Horti Milano SRL	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Lifizz	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	E2
	Locchi SRL	Italy								S3
	Parker Tower Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Partner's & Services	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Pyrotex GB 1 SA	luxemburg								S4
	Pyrotex SARL	Luxemburg				S1	Full	100.0%	100.0%	
	REPD Parker Ltd	UK	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
	Société Auxiliaire de Construction Immobilière	France	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Sviluppo Residenziale Italia SRL	Italy	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	
<b>Territory of Switzerland</b>										
	BNPP Suisse SA	Switzerland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Suisse SA (Guernsey branch)	Guernsey	Full	100.0%	100.0%		Full	100.0%	100.0%	
<b>CORPORATE &amp; INSTITUTIONAL BANKING</b>										
<b>SECURITIES SERVICES</b>										
	BNPP Financial Services LLC	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	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%	D1
	BNPP Fund Services Australasia Pty Ltd (New zealand branch)	New Zealand	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
	BNPP Global Securities Operations Private Ltd	India	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Securities Services	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Australia branch)	Australia	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Belgium branch)	Belgium	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Germany branch)	Germany	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Greece branch)	Greece	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Guernsey branch)	Guernsey	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Hong kong branch)	Hong Kong	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Hungary branch)	Hungary	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Ireland branch)	Ireland	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Italy branch)	Italy	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Jersey branch)	Jersey	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Luxemburg branch)	Luxemburg	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Netherlands branch)	Netherlands	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Poland branch)	Poland	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Portugal branch)	Portugal	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Singapore branch)	Singapore	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Spain branch)	Spain	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (Switzerland branch)	Switzerland	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Securities Services (United kingdom branch)	UK	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Services Logiciels d'Intégration Boursière	France	Equity <sup>(3)</sup>	66.6%	66.6%		Equity <sup>(3)</sup>	66.6%	66.6%	E1
<b>CIB EMEA (Europe, Middle East, Africa)</b>										
<b>France</b>										
	Atargatis <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Auserer Real Estate Opportunities SARL <sup>(5)</sup>	Luxemburg	Full	-	-		Full	-	-	E1
	Austin Finance <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	BNPP Arbitrage	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	BNPP Arbitrage (United Kingdom branch)	UK								S1
	Compagnie d'Investissement Italiens <sup>(5)</sup>	France	Full	-	-		Full	-	-	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	Compagnie d'Investissement Opéra <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Esomet	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Eurotrisation	France	Equity	23.0%	23.0%		Equity	23.0%	23.0%	E1
	FCT Juice <sup>(5)</sup>	France	Full	-	-		Full	-	-	E2
	Financière des Italiens <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Financière du Marché Saint Honoré	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Financière Paris Haussmann <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Financière Taitbout <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Laffitte Participation 22	France				S4	Full	100.0%	100.0%	
	Méditerranée <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Opéra Trading Capital	France				S4	Full	100.0%	100.0%	
	Opéra Trading Capital (Hong kong branch)	Hong Kong				S4	Full	100.0%	100.0%	
	Opéra Trading Capital (United kingdom branch)	UK				S4	Full	100.0%	100.0%	
	Optichamps <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	Parlease	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Participations Opéra <sup>(5)</sup>	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%	
<b>Other European countries</b>										
	Alectra Finance PLC <sup>(5)</sup>	Ireland	Full	-	-		Full	-	-	
	Alpha Murcia Holding BV	Netherlands								S1
	Aquarius + Investments PLC <sup>(5)</sup>	Ireland	Full	-	-		Full	-	-	
	Aries Capital DAC <sup>(5)</sup>	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 Commodity Futures Ltd	UK				S4	Full	100.0%	100.0%	
	BNPP Emissions- Und Handels- GmbH	Germany	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP International Finance Dublin Unlimited Company <sup>(5)</sup>	Ireland				S3	Full	-	-	
	BNPP Invest Holdings BV	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Investments N 1 Ltd <sup>(5)</sup>	UK								S1
	BNPP Investments N 2 Ltd <sup>(5)</sup>	UK								S1
	BNPP Ireland Unlimited Co	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Islamic Issuance BV	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Issuance BV	Netherlands	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Net Ltd	UK	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
	BNPP Prime Brokerage International Ltd	Ireland	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP UK Holdings Ltd	UK				S3	Full	100.0%	100.0%	
	BNPP UK Ltd	UK								S3



Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP Vartry Reinsurance DAC	Ireland	Full <sup>(2)</sup>	100.0%	100.0%		Full	100.0%	100.0%	D1
	Boug BV <sup>(6)</sup>	Netherlands				S1	Full	-	-	
	Boug BV (United kingdom branch) <sup>(6)</sup>	UK				S1	Full	-	-	
	Diamante Re SRL	Italy	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Ejesur SA	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Financière Hime SA	Luxemburg				S3	Equity	22.5%	22.5%	
	FScholen	Belgium	Equity <sup>(3)</sup>	50.0%	50.0%		Equity <sup>(3)</sup>	50.0%	50.0%	
	Greenstars BNPP	Luxemburg	Full <sup>(2)</sup>	100.0%	100.0%	D1	Equity *	100.0%	100.0%	
	Harewood Holdings Ltd	UK				S3	Full	100.0%	100.0%	
	Hime Holding 1 SA	Luxemburg				S3	Equity	26.4%	26.4%	
	Hime Holding 2 SA	Luxemburg				S3	Equity	21.0%	21.0%	
	Hime Holding 3 SA	Luxemburg				S3	Equity	20.6%	20.6%	
	Landspire Ltd	UK				S1	Full	100.0%	100.0%	
	Madison Arbor Ltd <sup>(6)</sup>	Ireland	Full	-	-		Full	-	-	
	Matchpoint Finance PLC <sup>(6)</sup>	Ireland	Full	-	-		Full	-	-	
	Ribera Del Loira Arbitrage	Spain	Full	100.0%	100.0%		Full	100.0%	100.0%	E1
	Scaldis Capital Ltd <sup>(6)</sup>	Jersey	Full	-	-		Full	-	-	
	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%	
<b>Middle East</b>										
	BNPP Investment Co KSA	Saudi Arabia	Full	100.0%	100.0%		Full	100.0%	100.0%	D1
<b>AMERICAS</b>										
	Banco BNPP Brasil SA	Brazil	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Banexi Holding Corp	USA								S4
	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 CC Inc	USA								S4
	BNPP Colombia Corporacion Financiera SA	Colombia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Energy Trading GP	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Energy Trading LLC	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP EQD Brazil Fund Fundo de Investimento Multimercado <sup>(6)</sup>	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 Prime Brokerage Inc	USA								S4
	BNPP Proprietário Fundo de Investimento Multimercado <sup>(6)</sup>	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 (Ex- BNPP Energy Trading Holdings 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%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BNPP VPG Adonis LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG Brookfin LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG Brookline Cre LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG CT Holdings LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG EDMC Holdings LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG Express LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG Freedom Communications LLC <sup>(6)</sup>	USA								S1
	BNPP VPG Legacy Cabinets LLC <sup>(6)</sup>	USA								S1
	BNPP VPG Mark IV LLC <sup>(6)</sup>	USA								S1
	BNPP VPG Master LLC <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	BNPP VPG Medianews Group LLC <sup>(6)</sup>	USA								S1
	BNPP VPG Northstar LLC <sup>(6)</sup>	USA								S1
	BNPP VPG Pacex LLC <sup>(6)</sup>	USA								S1
	BNPP VPG PCMC LLC <sup>(6)</sup>	USA								S1
	BNPP VPG SBX Holdings LLC <sup>(6)</sup>	USA								S1
	Dale Bakken Partners 2012 LLC	USA	FV	23.8%	23.8%		FV	23.8%	23.8%	E1
	Decart Re Ltd <sup>(6)</sup>	Bermuda	Full <sup>(2)</sup>	-	-		Full <sup>(2)</sup>	-	-	E1
	FSI Holdings Inc	USA	Full	100.0%	100.0%		Full	100.0%	100.0%	
	Starbird Funding Corp <sup>(6)</sup>	USA	Full	-	-		Full	-	-	
	Via North America Inc	USA								S4
<b>PACIFIC ASIA</b>										
	Bank BNPP Indonesia PT	Indonesia	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNP Pacific Australia Ltd	Australia								S3
	BNPP Amber Holdings Pty Ltd	Australia				S3	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	Full	100.0%	100.0%		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 Singapore Pte Ltd	Singapore				S3	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%	

Business	Name	Country	31 December 2019				31 December 2018			
			Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
	BPP Holdings Ple Ltd	Singapore	Full	100.0%	100.0%		Full	100.0%	100.0%	
<b>OTHER BUSINESS UNITS</b>										
<b>PROPERTY COMPANIES (PROPERTY USED IN OPERATIONS) AND OTHERS</b>										
	Antin Participation 5	France	Full	100.0%	100.0%		Full	100.0%	100.0%	
	BNPP Home Loan SFH	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	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%	E1
	BNPP Public Sector SCF	France	Full <sup>(1)</sup>	100.0%	100.0%		Full <sup>(1)</sup>	100.0%	100.0%	
	Cobema	Belgium								S4
	Euro Secured Notes Issuer <sup>(5)</sup>	France	Full	-	-		Full	-	-	
	FCT Laffitte 2016 <sup>(6)</sup>	France	Full	-	-		Full	-	-	
	FCT Opéra 2014 <sup>(6)</sup>	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%	E1
	Société Immobilière du Marché Saint-Honoré	France								S2

(a) At 31 December 2019, the securitisation funds Ecarat UK includes 5 funds (Ecarat PLC 6 to 10), versus 4 funds (Ecarat PLC 6 to 9) at 31 December 2018

(b) At 31 December 2019 the securitisation funds UCI and RMBS Prado include 15 funds (FCC UCI 9 to 12, 14 to 17, Fondo de Titulizacion Structured Covered Bonds and RMBS Prado I to VI) versus 14 funds (FCC UCI 9 to 12, 14 to 17 and RMBS Prado I to VI) at 31 December 2018

(c) At 31 December 2019 and at 31 December 2018, the securitisation funds Domos comprise these funds : Domos 2011 and Domos 2017

(d) At 31 December 2019, 103 Construction-sale companies (84 Full and 19 Equity) versus 95 at 31 December 2018 (77 Full and 18 Equity)

(e) At 31 December 2019, 11 Private Equity investment entities versus 8 entities at 31 December 2018

As requested by the ANC 2016 regulation, the list of entities that are controlled by the Group, jointly controlled or under significant influence, but excluded from the scope of consolidation since their contribution to the consolidated financial statements would be immaterial to the Group, and the list of equity investments, are available on the "Regulated Information" page of the <https://invest.bnpparibas.com> website.

#### 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.

**8.k FEES PAID TO THE STATUTORY AUDITORS**

Year to 31 Dec. 2019	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
<i>Excluding tax, in thousands of euros</i>	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	
<b>TOTAL</b>	<b>18,972</b>	<b>100%</b>	<b>24,316</b>	<b>100%</b>	<b>13,383</b>	<b>100%</b>	<b>56,671</b>	<b>100%</b>
<i>of which fees paid to statutory auditors in France for the statutory audit and contractual audit</i>	3,994		5,478		4,761		14,233	
<i>of which fees paid to statutory auditors in France for services other than those required for their statutory audit engagements</i>	787		1,832		1,075		3,694	

Year to 31 Dec. 2018	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
<i>Excluding tax, in thousands of euros</i>	Total	%	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	15,289	75%	15,712	61%	12,104	90%	43,105	73%
- Issuer	3,899		4,462		2,515		10,876	
- Consolidated subsidiaries	11,390		11,250		9,589		32,229	
Services other than those required for their statutory audit engagement, including	5,108	25%	9,898	39%	1,326	10%	16,332	27%
- Issuer	1,526		3,175		712		5,413	
- Consolidated subsidiaries	3,582		6,723		614		10,919	
<b>TOTAL</b>	<b>20,397</b>	<b>100%</b>	<b>25,610</b>	<b>100%</b>	<b>13,430</b>	<b>100%</b>	<b>59,437</b>	<b>100%</b>
<i>of which fees paid to statutory auditors in France for the statutory audit and contractual audit</i>	4,318		4,477		4,936		13,731	
<i>of which fees paid to statutory auditors in France for services other than those required for their statutory audit engagements</i>	398		2,091		609		3,098	

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 876 thousand for the year 2019 (EUR 507 thousand in 2018).

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.

## **APPENDIX 7 – EXTRACT OF THE INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

The information set out in this Appendix 7 has been extracted from our interim financial statements for the six-month period ended 30 June 2019. References to page numbers on the following pages are to the page numbers of our interim financial statements.

Our interim financial statements have been prepared in accordance with our usual accounting policies and procedures.

**Interim financial statements  
for the six months period ended 30 June 2019**

**BNP Paribas Issuance B.V.**

Herengracht 595  
1017 CE Amsterdam  
The Netherlands  
Chamber of Commerce Amsterdam No. 33215278

## MANAGEMENT BOARD REPORT

### **Description and principal activity of the Company**

BNP Paribas Issuance B.V. (the Company) was incorporated on 10 November 1989 under the law of the Netherlands.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

### **Audit committee**

The Company qualifies as an organisation of public interest pursuant to Dutch and EU law. By making use of the exemption for groups the Company did not install an audit committee. The Company belongs to the BNP Paribas group which has an audit committee that complies with international corporate governance rules.

### **Operating result**

The net profit for the period was EUR 17,416 (the six months' period ended 30 June 2018 profit EUR 12,238).

### **Liquidity and shareholder's equity**

No significant changes to liquidity resources occurred. Equity increased with the result for the period. Liquidity and capital resources are considered sufficient given the objective and activities of the Company.

### **Risk appetite**

The company has a low risk appetite and does not enter into unhedged economic positions.

### **Financial risk management**

#### Market risk

The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

#### Credit risk

The Company has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is under supervision of the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A+) by Standard & Poor's and (Aa3) by Moody's.

**Liquidity risk**

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

**Employees**

The Company employs no personnel.

**Future outlook**

It is expected that the activities of the Company in the second half of 2019 will remain on the same level as in the first half of 2019.

**Statement**

To the best of our knowledge we declare that:

1. the interim financial statements at 30 June 2019 give a fair view of the assets, the financial position and the profit of the Company; and
2. the financial report at 30 June 2019 gives a fair view of the Company's condition on balance sheet date, the development of the Company during the financial period ended 30 June 2019 and all material risks to which the Company is exposed.

Amsterdam, 23/08/ 2019

The Management Board,

Signed by

BNP Paribas Finance B.V.



BNP Paribas Issuance B.V.

**BALANCE SHEET AT 30 JUNE 2019**

(before appropriation of the net result)

	Notes	<u>30.06.2019</u>	<u>31.12.2018</u>
		EUR	EUR
<b>ASSETS</b>			
<b>Financial fixed assets</b>			
Repurchase agreements	1	863,005,730	950,841,818
OTC contracts		53,401,770,989	42,061,831,812
		<u>54,264,776,719</u>	<u>43,012,673,630</u>
<b>Current assets</b>			
OTC contracts	1	12,863,166,539	13,217,262,998
Taxes receivable		0	0
Accounts receivable		4,477,151	2,642,964
Cash at banks		414,949	65,347
		<u>12,868,058,639</u>	<u>13,219,971,309</u>
<b>TOTAL ASSETS</b>		<u><b>67,132,835,358</b></u>	<u><b>56,232,644,939</b></u>
<b>SHAREHOLDER'S EQUITY AND</b>			
<b>LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital issued and paid up	2	45,379	45,379
Retained earnings		497,275	469,860
Result for the period		17,416	27,415
		<u>560,070</u>	<u>542,654</u>
<b>Long term liabilities</b>			
Issued securities	3	54,264,776,719	43,012,673,629
<b>Current liabilities</b>			
Issued securities	3	12,863,166,539	13,217,262,998
Taxes payable		21,614	0
Other liabilities		4,310,415	2,165,658
		<u>12,867,498,568</u>	<u>13,219,428,656</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>67,132,835,358</b></u>	<u><b>56,232,644,939</b></u>

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2019**

		<b>Period 1.1 to 30.6.2019</b>	<b>Period 1.1 to 30.6.2018</b>
	Notes	EUR	EUR
Net result financial instruments	4	0	0
Fee income and other income	5	257,597	193,729
<b>Operating income</b>		<u>257,597</u>	<u>193,729</u>
<b>Operating expenses</b>			
General and administrative expenses		-230,081	-175,717
		<u>27,516</u>	<u>18,012</u>
<b>Operating result</b>			
Interest income		0	0
Bank costs and similar charges		-4,295	-1,696
<b>Profit before taxation</b>		<u>23,221</u>	<u>16,316</u>
Corporate income tax	6	-5,805	-4,078
<b>Profit after taxation</b>		<u><u>17,416</u></u>	<u><u>12,238</u></u>

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

	<b>Period 1.1 to 30.6.2019</b>	<b>Period 1.1 to 30.6.2018</b>
	EUR	EUR
<b>Cash flow from operating activities</b>		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	4,344,111	3,011,049
Received reimbursed general expenses	118,806	327,800
Paid issuing expenses	(4,087,012)	(3,514,369)
Paid general expenses	(91,345)	(32,449)
Received taxes	65,115	66,685
<b>Cash flow from operating activities</b>	<u>349,674</u>	<u>(141,284)</u>
<b>Cash flow from financing activities</b>	0	0
<b>Cash flow from investing activities</b>	0	0
<b>Increase/ (decrease) cash at banks</b>	<u><u>349,674</u></u>	<u><u>(141,284)</u></u>
<b>Movements in cash at banks</b>		
Cash at banks at January 1	65,275	218,633
Increase / (decrease)	<u>349,674</u>	<u>(141,284)</u>
<b>Cash at banks</b>	<u><u>414,949</u></u>	<u><u>77,349</u></u>

Refer to page 11 for the principles for preparation of the cash flow statement.

**SHAREHOLDER'S EQUITY AT 30 JUNE 2019**

	<u>30.06.2019</u>	<u>31.12.2018</u>
	EUR	EUR
<b>Shareholder's equity</b>		
Share capital issued and paid up	45,379	45,379
Retained earnings	497,275	469,860
Result for the period	17,416	27,415
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<u><u>560,070</u></u>	<u><u>542,654</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### GENERAL

BNP Paribas Issuance B.V. (the Company), having its registered address at Amsterdam, was incorporated under the law of the Netherlands on 10 November 1989 as a private limited liability company.

The company is registered at Chamber of Commerce Amsterdam with No. 33215278

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company. The financial statements of BNP Paribas S.A. can be found on the website [group.bnpparibas.com](http://group.bnpparibas.com).

### SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The interim financial statements of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands and the Dutch Guideline for Annual Reporting 394 on Interim Reports. All amounts are stated in euros, the reporting currency, unless stated otherwise.

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding year unless indicated otherwise.

#### **Accounting convention**

The accounts are prepared under the historical cost convention, except for derivatives that are measured at fair value with changes through profit and loss.

#### **Going concern basis of accounting**

The interim financial statements have been prepared on a going concern basis. The Company has a master hedging agreement with BNP Paribas group entities under which issued securities are hedged by swap agreements and OTC option agreements or collateral arrangements. In addition, the Company has an agreement with BNP Paribas group entities to recharge its operating expenses with a margin of 10%.

### **Use of estimates and judgements**

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements is included in note 3.

### **Recognition of income and expenses**

The net result financial instruments includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related OTC contracts. As the Company enters into a swap agreement with a BNP Paribas group company and an OTC option at exactly the same terms and conditions of the issued security or a collateral arrangement at each issue of securities, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

Fee income, other income and general and administrative expenses are taken in the year to which they relate. Profits are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

If securities are exercised against the Company, the Company fulfils its obligation by exercising the related swap agreements or OTC contracts with entities of the BNP Paribas groups as the case may be. Issued securities and related swap agreements and OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related swap agreements and OTC contracts are released without any further future obligation for the Company.

### **Valuation of assets and liabilities - general**

Unless indicated otherwise, assets and liabilities are stated at amortised cost.

### **Financial instruments**

Financial instruments include accounts receivable and accounts payable, cash at banks and cash equivalents, issued securities and acquired swap agreements and OTC contracts.

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when those contractual provisions are expired or transferred.

Non-derivative financial instruments are measured and accounted for at fair value upon initial recognition and subsequently at amortised cost.

### **Derivatives (Issued securities and OTC's)**

Derivatives are measured and accounted for at fair value upon initial recognition and at subsequent dates. Gains and losses are directly recognised in profit and loss. 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. Reference is made to note 3 for details about the determination of fair values.

The fair values of OTC contracts are calculated in the same way as their related issued securities.

The Company does not apply hedge accounting.

### **Currencies**

The functional currency of the Company is the euro.

Balance sheet items denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date. Transactions in foreign currencies (not concerning derivatives) during the reporting period have been incorporated at the rate of settlement.

The premiums of the issued securities and the cost of the related OTC contracts are denominated in different currencies. Moreover, the underlying contracts of the securities have their own currency denominations, which are often based on a basket of currencies. The net effect of the currency risk is nil though, as this risk is completely hedged.

### **Corporate income tax**

Tax on result is calculated by applying the rates for the financial year to the result in the profit and loss account.

## **PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT**

The cash flow statement is prepared according to the direct method and consists of cash only; paid interest is taken into account under paid general expenses.

Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. The outcome of this procedure is reflected in the cash flow report under the heading "Issuing of securities against OTC coverage".

## **FINANCIAL RISK MANAGEMENT**

### **Market risk**

The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

**Credit risk**

The Company has a significant concentration of credit risks as all swap agreements and OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that BNP Paribas group is under supervision of the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A+) by Standard & Poor's and (Aa3) by Moody's.

**Liquidity risk**

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of securities, the hedging of the related exposures and the reimbursement of costs. Taking into account the position of the Company within the group these agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

NOTES TO THE BALANCE SHEET

**1. Financial fixed assets**

For all most all issued securities OTC contracts with BNP Paribas group companies are agreed having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise are identical. Concerning some issued securities, the Company entered into repurchase agreements with BNP Paribas.

The Company is also active into repack-transactions: the Company is issuing securitized notes, backed by Bonds.

Refer to note 3 for the details of the issued securities and hence the OTC contracts.

**2. Shareholder's equity**

Share capital:

The Company's share capital amounts to EUR 45,379 composed by 45,379 issued and fully paid-up shares.

During the financial year under review, there have been no changes in the issued or paid up capital. The authorised capital has been annulled pursuant to a change of the articles of association.



## BNP Paribas Issuance B.V.

Retained earnings:

The movement is as follows:

	EUR	EUR
	<b>30.06.2019</b>	<b>31.12.2018</b>
Opening balance	469,860	442,920
Appropriation result previous year	27,415	26,940
Closing balance	497,275	469,860

### 3. Issued securities

The Company establishes securities programmes and issues securities such as warrants, notes and certificates exercisable pursuant to the terms and conditions of such securities programmes.

Entities of the BNP Paribas group have agreed to purchase the securities at the same time. The entities of the BNP Paribas group distribute the securities to investors. BNP Paribas S.A. acts as guarantor for the securities programmes towards investors.

The issued securities and related OTC contracts can be specified as follows:

	<b>Fair value</b> <b>30.06.2019</b>	<b>Fair value</b> <b>31.12.2018</b>
	EUR	EUR
- Up to 1 year	12,863,166,539	13,217,262,998
- From 1- 5 years	27,024,260,357	25,207,621,870
- Exceeding 5 years	27,240,516,361	17,805,051,759
Financial fixed assets	54,264,776,718	43,012,673,629
Total	67,127,943,258	56,229,936,627

Specification (fair value) based on method of valuation 30.06.2019

	<b>Level 1</b> EUR	<b>Level 2</b> EUR	<b>Level 3</b> EUR	<b>Total</b> EUR
<b>Warrants</b>				
underlying shares	0	914,363,417	389,841,422	1,304,204,839
underlying currency	0	22,341,686	1,837,372	24,179,059
underlying index	0	1,811,696,759	888,291,399	2,699,988,158
underlying commodities	0	17,215,558	0	17,215,558
underlying funds	0	65,726,639	1,052,152,819	1,117,879,458
underlying credits	0	125,708	0	125,708
underlying interest rates	0	3,822,851	0	3,822,851
	0	2,835,292,617	2,332,123,013	5,167,415,630
<b>Certificates</b>				
underlying shares	0	5,745,732,860	1,377,878,556	7,123,611,417
underlying currency	0	378,472,138	94,750,212	473,222,351
underlying index	0	19,120,367,018	9,749,045,589	28,869,412,607
underlying commodities	0	1,044,799,701	97,329,584	1,142,129,285

BNP Paribas Issuance B.V.

underlying funds	0	68,907,004	554,927,341	623,834,346
underlying credits	0	5,018,842,832	0	5,018,842,832
underlying interest rates	0	1,183,247,941	0	1,183,247,941
	0	32,560,369,496	11,873,931,283	44,434,300,779
MTN				
underlying shares	0	711,502,738	1,100,325,391	1,811,828,130
underlying credits	0	4,719,404,751	0	4,719,404,751
underlying currency	0	278,584,933	0	278,584,933
underlying index	0	4,586,179,147	5,750,315,709	10,336,494,856
underlying funds	0	0	83,632,771	83,632,771
underlying interest rates	0	296,281,408	0	296,281,408
	0	10,591,952,978	6,934,273,871	17,526,226,849
Total per 30 June 2019	0	45,987,615,092	21,140,328,166	67,127,943,258

<b>31.12.2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Warrants				
underlying shares	0	705,768,928	481,708,755	1,187,477,683
underlying currency	0	19,831,788	5,464,916	25,296,704
underlying index	0	1,179,696,242	803,787,262	1,983,483,504
underlying commodities	0	16,274,712	0	16,274,712
underlying funds	0	112,762,932	638,423,951	751,186,883
underlying credits	0	3,089,231	0	3,089,231
underlying interest rates	0	0	0	0
	0	2,037,423,833	1,929,384,884	3,966,808,717
Certificates				
underlying shares	0	4,991,624,342	1,205,993,030	6,197,617,372
underlying currency	0	355,270,642	105,109,815	460,380,457
underlying index	0	17,912,839,645	8,829,660,044	26,742,499,689
underlying commodities	0	691,591,376	43,256,909	734,848,285
underlying funds	0	144,860,411	591,977,247	736,837,658
underlying credits	0	5,524,796,662	0	5,524,796,662
underlying interest rates	0	0	0	0
	0	29,620,983,078	10,775,997,045	40,396,980,123
MTN				
underlying shares	0	424,988,400	764,463,449	1,189,451,849
underlying credits	0	2,366,026,186	0	2,366,026,186
underlying currency	0	190,200,482	0	190,200,482
underlying index	0	3,835,926,652	4,203,945,616	8,039,872,268
underlying funds	0	0	73,597,002	73,597,002
underlying interest rates	0	7,000,000	0	7,000,000
	0	6,824,141,720	5,042,006,067	11,866,147,787
Total per 31 December 2018	0	38,482,548,631	17,747,387,996	56,229,936,627

BNP Paribas group including the Company 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 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. All given estimated fair values are related to the market conditions prevailing at the end of the reporting period; the future values may differ.

When issued, securities are publicly offered or privately placed. Sometimes privately placed securities are listed for the secondary market. Listed securities are listed on stock exchanges in- and outside of the European Union; the related OTC contracts are not listed. The majority of the issued securities are not traded actively in active markets.

## BNP Paribas Issuance B.V.

No accrued interest is presented in the balance sheet because the accrued interest is part of the market value of the derivatives as disclosed in the balance sheet. The net result on the derivatives equals zero and is recorded on a net basis in the profit and loss account, see note 4.

### **Conditions that can influence the future cash flow**

In general it is assumed that the securities and the related OTC contracts are exercised at the exercise dates mentioned in the final terms of the securities against the fair value as determined. Based on these two assumptions the above specification based on maturity has been prepared. Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. Conditions that could influence future cash flows will have therefore no impact on the cash flow of the Company.

**NOTES TO THE PROFIT & LOSS ACCOUNT**

**4. Net result financial instruments**

The net result derivatives includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related swap agreements and OTC contracts. As the Company enters into an OTC option or swap agreement with a BNP Paribas group company at each issue of securities at exactly the same terms and conditions of the issued security, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

**5. Fee income and other income**

Other income concerns recharged general and administrative expenses of the Company increased with an up-count of 10%, based on cost plus agreements concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas group companies.

**6. Corporate income tax**

The corporate income tax is the estimated charge for the period amounting to EUR 5,805. The rate for the financial year 2019 is 25%.

BNP Paribas Issuance B.V. has entered into a consolidated tax group (fiscale eenheid) for Dutch corporate income tax purposes with other BNP Paribas Group entities domiciled in the Netherlands effective as of 1 January 2015. As from 1st January 2017 BNP Paribas SA-Netherlands Branch acts as parent of this consolidated tax group. As a consequence the Company can be held liable for the corporate income tax due by the consolidated tax group.

**Issuing expenses and remunerations**

Issuing expenses are expenses related to the issuing of the securities for account of the Company and are reimbursed by BNP Paribas group companies, if charged to the Company.

The sole member of the Management Board will charge a management fee of EUR 32,250 over the reporting period (over the first six months of 2018: EUR 32,250).

Mazars Accountants N.V. will charge a fee of EUR 8,000 for the financial half-year 2019 as fee for the review of the interim financial statements (2018: EUR 8,000). No additional amount has been charged to the Company during the reporting period for audit-related fees.

**Commitments, contingencies and off-balance items**

The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 4,397,460,155 (31.12.2018: EUR 1,982,234,390).

**Employees**

The Company employs no personnel.

**Subsequent events**

No subsequent events have occurred.

Amsterdam, 23/08/2019

The Management Board,

Signed by

BNP Paribas Finance B.V.

## **PARTIES**

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