

CONSOLIDATED FINANCIAL STATEMENTS

BNP Paribas Cardif

First half 2018



**BNP PARIBAS
CARDIF**

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world

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1. Balance sheet assets

<i>In millions of euros</i>	Notes	30 June 2018	31 December 2017
Goodwill	4.1	248	248
Value of insurance company contract portfolios acquired		179	79
Other intangible assets		289	289
Intangible assets		716	616
Investment property	4.2	3 138	3 106
Held-to-maturity financial assets		3 755	4 228
Available-for-sale financial assets	4.3	105 730	109 537
Financial investments at fair value through profit and loss	4.4	37 778	33 760
Loans and receivables	4.5	1 701	1 837
Derivative instruments and separate embedded derivatives	4.6	505	379
Investments in equity-method investment entities		303	407
Unit-linked investments		49 582	48 044
Investments		202 492	201 298
Equity-method investments		825	886
Reinsurers' share in insurance and investment contracts liabilities	4.10	3 135	3 169
Tangible assets		376	378
Deferred acquisition costs and equivalent		1 471	1 503
Deferred tax assets		210	162
Receivables from direct insurance and reinsurance operations		1 285	936
Current tax receivables		66	255
Other receivables		1 322	1 101
Other assets		4 730	4 335
Cash and cash equivalents		2 792	1 638
TOTAL ASSETS		214 690	211 942

2. Balance sheet liabilities

<i>In millions of euros</i>	Notes	30 June 2018	31 December 2017
Share capital	4.8	150	150
Additional paid-in capital		2 988	2 988
Changes in assets and liabilities recognised directly in equity		765	1 062
Non-distributed reserves		786	(265)
Net income for the period attributable to shareholders		431	1 007
Shareholders' equity - Group share		5 120	4 942
Minority interests		149	46
TOTAL SHAREHOLDERS' EQUITY		5 269	4 988
Subordinated debt	4.9	4 609	4 574
Financial debts due to banking sector companies	4.9	1 853	1 556
Financing debts	4.9	6 462	6 130
Technical liabilities arising from insurance contracts	4.10	91 924	90 267
Technical liabilities arising from unit-linked insurance contracts	4.10	46 252	44 568
Technical liabilities arising from insurance contracts	4.10	138 177	134 835
Technical liabilities arising from investment contracts with discretionary participating feature	4.10	30 774	29 335
Technical liabilities arising from unit-linked investment contracts	4.10	3 667	3 534
Technical liabilities arising from investment contracts	4.10	34 442	32 869
Policyholders' surplus reserve	4.11	14 799	16 528
TECHNICAL LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS		187 417	184 232
Provisions for contingencies and charges		234	292
Deferred tax liabilities		263	228
Liabilities due to banking sector companies		9 573	10 466
Liabilities from direct insurance and reinsurance operations		3 009	3 253
Current tax liabilities		206	54
Derivative instruments liabilities	4.6	473	405
Other debts		1 783	1 894
Other liabilities		15 307	16 300
TOTAL LIABILITIES		214 690	211 942

3. Profit and loss account

<i>In millions of euros</i>	First half 2018	First half 2017
Gross written premiums	12 812	11 356
Change in unearned premiums	6	(69)
Gross earned premiums	12 818	11 287
Income from other activities	21	8
Investment income	2 202	2 340
Investment expense	(259)	(237)
Gains and losses on disposed invested assets, net of depreciation and amortisation reversals	333	103
Share of earnings of equity-method investment entities	1	8
Net change in investments at fair-value through profit or loss	(658)	2 517
Net change in investment impairment	(13)	165
Investment income excluding financing expense	1 606	4 897
Technical charges related to contracts	(11 500)	(13 561)
Net result from ceded reinsurance	(60)	28
Expenses from other activities	(131)	(89)
Acquisition costs on contracts	(1 512)	(1 405)
Depreciation on acquired portfolios	(4)	(0)
Administration expenses	(628)	(627)
Other current operating income and expenses	12	1
Other current income and expenses	(13 823)	(15 652)
Other non-current operating income and expenses	44	1
Pre-tax operating income	666	540
Financing expenses	(67)	(91)
Share of earnings of equity-method entities	62	29
Corporate income tax	(230)	(154)
NET CONSOLIDATED INCOME	431	323
Net income attributable to minority interests	0	(1)
Net income attributable to equity shareholders	431	323

4. Statement of net income and changes in assets and liabilities recognised directly in equity

<i>In millions of euros</i>	First half 2018	First half 2017
Net consolidated income	431	324
Changes in foreign translation adjustments	(40)	(44)
Changes in fair value of available-for-sale financial assets	(1 342)	(1 214)
Changes in fair value of available-for-sale financial assets reported in net income	(183)	41
Changes in deferred fair value of hedging instruments	(7)	4
Changes in shadow accounting, net of deferred tax	1 332	1 048
Changes in equity-method investments	(48)	(55)
Items that are or may be reclassified to profit or loss	(288)	(220)
Remeasurement gains (losses) related to post-employment benefits plans	1	2
Changes in equity-method investments	(0)	0
Items that will not be reclassified to profit or loss	1	2
CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY	(287)	(219)
TOTAL NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY	144	105
Attributable to equity shareholders	133	105
Attributable to minority interests	11	(1)

5. Statement of changes in shareholders' equity

In millions of euros	Attributable to shareholders				Total	Minority interests	Total equity
	Share capital	Additional paid-in capital	Total changes recognised directly in equity	Non-distributed reserves			
CAPITAL AND RETAINED EARNINGS AS AT 31 DECEMBER 2016	150	2 988	1 277	165	4 580	40	4 619
Changes in assets and liabilities recognised directly in equity (1)	-	-	(215)	0	(215)	(1)	(216)
Net Consolidated income (2)	-	-	-	1 007	1 007	(0)	1 007
Total net income and changes in assets and liabilities recognised directly in equity (1) + (2)	-	-	(215)	1 007	793	(1)	791
Dividend distribution and interim payments (a)	-	-	-	(456)	(456)	(0)	(456)
Movements in consolidation scope	-	-	-	-	-	(2)	(2)
Changes in the holding companies without loss of control	-	-	-	27	27	9	36
Other changes	-	-	-	(0)	(0)	(0)	(0)
CAPITAL AND RETAINED EARNINGS AS AT 31 DECEMBER 2017	150	2 988	1 062	742	4 942	46	4 988
Changes in assets and liabilities recognised directly in equity (3)	-	-	(298)	(0)	(298)	11	(287)
Net consolidated income (4)	-	-	-	431	431	0	431
Total net income and changes in assets and liabilities recognised directly in equity (3) + (4)	-	-	(298)	431	133	11	144
Dividend distribution and interim dividend payments	-	-	-	(0)	(0)	(2)	(2)
Movements in consolidation scope	(0)	-	-	0	0	0	0
Changes in the holding companies without loss of control	-	-	-	44	44	98	142
Other changes	-	-	-	(0)	(0)	(3)	(4)
CAPITAL AND RETAINED EARNINGS AS AT 31 DECEMBER 2018	150	2 988	765	1 217	5 120	149	5 269

(a) of which €345 million in interim dividends in 2017

6. Cash flow statement

As permitted by ANC (“Autorité des Normes Comptables” or French accounting standards body) recommendation No 2013-05, the BNP Paribas Cardif Group has used the indirect method to prepare the cash flow statement.

<i>In millions of euros</i>	First half 2018	First half 2017
Pre-tax operating income	666	540
Gain and losses on disposed investments	(319)	(224)
Net depreciation/amortisation expense	71	61
Change in deferred acquisition costs	19	(40)
Change in depreciation	(22)	(196)
Net addition to technical provisions for insurance and financial liabilities	4 599	5 809
Net addition to other provisions	24	(6)
Change in value of financial instruments at fair value through profit and loss (non cash and cash equivalents)	111	(2 910)
Share in associates and joint-venture investments	(1)	(8)
Other items without cash out in operating income	(31)	230
Correction of items included in operating income with no corresponding cash flows and reclassification of financing and investment flows	4 451	2 716
Dividends received from equity-method entities	50	79
Change in operating receivables and liabilities	(247)	(225)
Change in securities sold or received under repurchase agreements	(8)	10
Net cash generated by other assets and liabilities	399	81
Net taxes paid	66	(146)
Net cash not related to income from operating activities	260	(201)
NET CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES	5 377	3 055
Net cash related to movements in consolidation scope	148	(32)
Net cash on disposals and repayments of financial assets	10 204	13 091
Net cash related to acquisitions or issues of financial assets	(13 885)	(15 893)
Net cash related to acquisitions and disposals of tangible and intangible assets	(22)	(20)
NET CASH AND EQUIVALENTS GENERATED BY INVESTMENT ACTIVITIES	(3 555)	(2 855)
Issuance of capital instruments	50	43
Dividends paid	(2)	(111)
Net cash from transactions with shareholders and members	48	(68)
Cash generated by financing debts issuance	12	-
Cash allocated to financing debts repayments	(493)	343
Interest paid on financing debts	(67)	(91)
Net cash related to Group financing	(548)	252
NET CASH AND EQUIVALENTS GENERATED BY FINANCING ACTIVITIES	(500)	183
EFFECT OF MOVEMENT IN EXCHANGES RATES ON CASH AND EQUIVALENTS	1	(13)
BALANCE OF CASH AND EQUIVALENTS AT THE START OF THE PERIOD	631	616
Net cash generated by operating activities	5 377	3 055
Net cash generated by investment activities	(3 555)	(2 855)
Net cash generated by financing activities	(500)	183
Effect of changes in foreign exchange rates on cash and cash equivalents	1	(13)
BALANCE OF CASH AND EQUIVALENTS AT THE END OF THE PERIOD	1 954	986
Asset cash and cash equivalents (Note 1)	2 792	1 275
On demand debts (Note 5.25)	(838)	(289)
Of which related debts	-	0
Liability cash and cash equivalents	(838)	(289)

7. Notes to the consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES AND METHODS

1.1 NORMATIVE ENVIRONMENT

BNP Paribas Cardif Group's interim consolidated financial statements as at 30 June 2018 have been prepared and are presented in accordance with IAS 34 "Interim Financial Reporting" rules, which allow the publication of condensed half-year financial statements and define the accounting and evaluation principles to be applied.

Therefore BNP Paribas Cardif Group's interim and condensed financial statements include the financial statements as planned by IAS 1 "Presentation of Financial Statements", prepared with the same format as the financial statements as at 31 December 2017, and enriched with a selection of notes documenting the most significant changes and detailing BNP Paribas Cardif's performance.

Those half-year condensed financial statements aim at updating BNP Paribas Cardif Group's financial statements as at 31 December 2017 and shall be read in line with this purpose. They are presented in comparison with:

- 31 December 2017 for the Balance Sheet,
- and 30 June 2017 for the Profit & Loss Account, having been later prepared in accordance with IFRS 1.

The accounting and evaluation principles applied by BNP Paribas Cardif Group as at 30 June 2018 are equal to those used for the financial statements as at 31 December 2017, taking into account the new standards implemented on 1 January 2018.

They are compliant with IAS/IFRS, IFRIC amendments and interpretations as adopted by the European Union as at 30 June 2018.

BNP Paribas Cardif Group did not anticipate new standard implementation, amendments and interpretations as adopted by the European Community as at 30 June 2018 when this application is optional.

1.1.1 New accounting standards applicable from 1 January 2018

Standards, amendments or interpretations	Date of the European Union regulation	Date of First Time Application (mandatory) : Closing periods following
Amendments to IFRS 4 application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	03 November 2017 (UE 2017-1988)	1st January 2018 Option, under conditions, for the application deferral of IFRS 9 Financial Instruments
IFRS 15 Revenue from contracts with customers Replacements of IAS 11 Construction Contracts and IAS 18 Revenue	22 September 2016 (UE 2016-1905)	1st January 2018

Amendment to IFRS 4 - Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts: Application's deferral option regarding IFRS 9

IFRS 4 amendment, approved by the regulation 2017-1988 of the 3 November 2017, defines the following conditions to be followed by the Insurance Company in order to be eligible on IFRS 9 interim exemption (so-called "application deferral"):

- The insurance company should never have applied any version of IFRS 9;
- Its activities are predominantly connected with insurance; this constraint being evidenced if the accounting value of its liabilities linked with insurance business exceeds 90% of the total balance sheet liabilities.

The BNP Paribas Cardif Group is compliant with these conditions and therefore opted for IFRS 9 application's deferral.

IFRS 15 Revenue from contracts with customers

Within the BNP Paribas Cardif Group, IFRS 15 is only applicable to very few service entities, and specifically to the revenues that they generate.

This new standard's application by the BNP Paribas Cardif Group has no impact on the interim financial statements as at 30 June 2018. The rules for revenue recognition for service entities as defined by IAS 18 were indeed assessed equivalent to IFRS 15.

1.1.2 New accounting standards published by IASB as of the 30 June 2018

Standards published by IASB and adopted by the European as of June 2018		
Standards, amendments or interpretations	Date of the European Union regulation	Date of First Time Application (mandatory) : Closing periods following
IFRS 9 Financial Instruments Replacement of IAS 39 Financial Instruments : recognition and measurement	22 November 2016 (UE 2016-2067)	1 st January 2018 1 st January 2021 for the insurance companies opting, under conditions, for the application deferral of IFRS 9 as authorized by the amendment to IFRS 4 of 3 November
Amendement to IFRS 9 anticipated reimbursement clauses providing negative benefit participation	22 March 2018 (UE 2018-498)	1 st January 2019
IFRS 16 Leases Replacement of IAS 17 Leases	31 October 2017 (UE 2017-1986)	1 st January 2019
Standards published by IASB but not adopted by the European Union as at 30 June 2018		
Standards , amendments or interpretations	Date of First Time Application (mandatory) : Closing periods following	
IFRS 17 Insurance Contracts Replacement of IFRS 4 Insurance Contracts	1 st January 2021	

IFRS 9 Financial Instruments and Amendments to IFRS 9 - Prepayment Features with Negative Compensation

Published by IASB in July 2014 and voted by the European Union on 22 November 2016, IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: recognition and measurement".

IFRS 9 defines new principles regarding financial instruments classification and evaluation, credit risk's depreciation on the invested assets and global hedge-accounting (or micro-hedge).

Mandatory from the closing periods following the 1 January 2018, IFRS 9 is applicable to European companies in all business sectors, excluding the insurance companies which are permitted, as an option and under conditions, to postpone the application until 1 of January 2021 (the) latest.

An amendment to IFRS 9 "Prepayment Features with Negative Compensation" published by IASB in October 2017 and adopted by the European Union in March 2018, clarifies the classification of invested assets providing anticipated compensation clauses which can lead to the payment of benefit participation to the borrower. This amendment will be in force and mandatory from the closing periods following the 1 January 2019, an earlier application being authorized.

The option chosen by the BNP Paribas Cardif Group to postpone the application of IFRS 9 until the 1 January 2021 implies the same deferral application for the amendment of IFRS 9 "Prepayment Features with Negative Compensation".

The preparatory work to implement IFRS 9 by BNP Paribas Cardif continued during the first semester 2018 and will be pursued throughout the deferral period. They will take into account the situation of the BNP Paribas Group once BNP Paribas Cardif will be applying for the first time IFRS 9, in particular regarding the hedge accounting, which is ruled by the criteria of IAS 39 that BNP Paribas decided to maintain until the future standard on macro-hedging being in force, and as permitted in this area by IFRS 9.

IFRS 16 Leases

IFRS 16 "Leases" published in January 2016 and adopted by the European Union in November 2017 will be officially in force from 1 January 2019. It will replace IAS 17 "Leases" and the interpretations linked with the accounting of such contracts.

IFRS 16 provides a new definition of lease contracts which implies on one hand the identification of an asset and on the other hand the control by the lessee of a right-of-use asset.

IFRS 16 substantially carries forward the same lessor accounting requirements as in IAS 17.

For the lessee, the accounting standards require to book a fixed asset to recognise a right-of-use asset representing its right to use the underlying leased asset and a financial debt to recognise a lease liability representing its obligation to make lease payments over the leasing period. The utilization right will be depreciated with the straight line method and the financial debt will be discounted over the lease period. Thus this standard means a real change mostly for the standard or operational lease contracts, which under IAS17 did not require the accounting of the leased assets into the Balance Sheet.

The review and analysis of the standard and the identification of its potential effects on the BNP Paribas Cardif consolidated accounts were initiated after IFRS 16 was made public and are ongoing for a first time application planned for 1 January 2019.

IFRS 17 Insurance Contracts

IFRS 17 “Insurance Contracts”, replacing the current IFRS 4, was issued by IASB on the 18 May 2017, for a mandatory first application from the 1 January 2021 and will have to be prior adopted by the European Union for its enforcement in Europe.

IFRS 17 establishes principles for the recognition, valuation and presentation of insurance contracts, as well as the provisions relating to the information to be provided about them.

IFRS 17 requires insurance liabilities to be measured at a value based on the best estimate of the future discounted and probabilistic cash-flows (“Estimates of future cash-flows”), extended with an adjustment for risk (“Risk Adjustment” - RM) covering the uncertainty of the estimates, and with a contractual service margin (CSM) representing the expected future profits expected from the contract (“Contractual service margin”).

The above approach, which is the common model, is adapted for the contracts with a discretionary participation feature which can use, under predefined conditions, a specific model (the “Variable Fee Approach” - VFA). In this model, the contractual service margin (CSM) captures simultaneously the impact of the change of estimate on the liabilities and on the underlying assets.

The short-term contracts can be applied a simplified approach (“Premium Allocation Approach”) comparable to the premiums deferral as currently applied for the non-life insurance contracts. This approach can also be applied to some longer term contracts if the results obtained are equal to those of the common model.

For the most part, the BNP Paribas Cardif insurance contracts with participating feature shall be treated under the “Variable Fee Approach”. The borrowers’ insurance contracts and the pension benefits shall be eligible to the common model or the simplified approach (“premium allocation approach”) if the conditions are fulfilled.

In addition to the expected upcoming changes regarding the recognition of insurance liabilities and reinsurance assets, the new standard shall generate significant changes regarding revenue recognition from insurance contracts and expenses linked with those into the other comprehensive income.

Since the first semester of 2017, BNP Paribas Cardif has started its preparation to IFRS 17 implementation. This project will continue throughout 2018-2020 as scheduled.

1.2 CONSOLIDATION PRINCIPLES AND METHODS

The accounting and evaluation principles applied by the BNP Paribas Cardif Group as at 30 June 2018 are identical to those used for the financial statements as at 31 December 2017.

When, as at 30 June 2018, the BNP Paribas Cardif Group had to consolidate for the first time real estate companies held as an associate or a joint venture, directly or indirectly through an entity that is a mutual fund, a unit trust or similar entities including investment-linked insurance funds, it elected to measure that interest at fair value through profit and loss.

NOTE 2 SCOPE OF CONSOLIDATION

2.1 SCOPE OF CONSOLIDATION

			30 June 2018				31 December 2017			
Name	Country	Consolidation method	Control (%)	Interest (%)	Ref.	Consolidation method	Control (%)	Interest (%)	Ref.	
HOLDINGS										
BNP Paribas Cardif	France	Consolidating company	100,0	100,0		Consolidating company	100,0	100,0		
BNP Paribas Cardif BV	Netherlands	Full	100,0	100,0		Full	100,0	100,0		
Cardif Nordic AB	Sweden	Full	100,0	100,0		Full	100,0	100,0		
Cardif Pinnacle Insurance Holdings PLC	UK	Full	100,0	100,0		Full	100,0	100,0		
CB (UK) Ltd - Fond 'C'	UK	Full	100,0	100,0		Full	100,0	100,0		
Icare Holding SA	France	Full	100,0	100,0		Full	100,0	100,0		
NCVP Participacoes SA	Brazil	Full	100,0	100,0		Full	100,0	100,0		
INSURANCE										
BNP Paribas Cardif Emeklilik AS	Turkey	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif General Insurance Co Ltd	Korea	EM	90,0	90,0		EM *	90,0	90,0	(2)	
BNP Paribas Cardif Levensverzekeringen NV	Netherlands	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif Life Insurance Co.	Korea	Full	85,0	85,0		Full	85,0	85,0		
BNP Paribas Cardif Pojistovna AS	Czech Republic	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif Schadeverzekeringen V	Netherlands	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif Seguros de Vida SA	Chile	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif Seguros Generales SA	Chile	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Cardif TCB Life Insurance Company Ltd	Taiwan	EM	49,0	49,0		EM	49,0	49,0		
BNP Paribas Cardif Vita Compagnia di Assicurazioni e Riassicurazioni SPA	Italy	Full	100,0	100,0		Full	100,0	100,0		
BNP Paribas Sigorta Anonim Sirketi	Turkey	EM *	100,0	100,0	(4)					
BoB Cardif Life Insurance Company	China	EM	50,0	50,0		EM	50,0	50,0		
Cardif Assur. RD (succ. Pologne)	Poland	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. RD (succ. Taiwan)	Taiwan	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. RD succ. Belg	Belgium	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. RD succ. Roumanie	Romania	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. Vie (succ. Taiwan)	Taiwan	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. Vie succ. Belgique	Belgium	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assur. Vie succ. Roumanie	Romania	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Austria branch)	Austria	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Bulgaria branch)	Bulgaria	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Germany branch)	Germany	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Italy branch)	Italy	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Japan branch)	Japan	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Luxembourg branch)	Luxembourg	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Portugal branch)	Portugal	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Spain branch)	Spain	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance RD (Zurich branch)	Switzerland	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Risques Divers SA	France	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Austria branch) Other	Austria	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Germany branch)	Germany	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Italy branch)	Italy	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Japan branch)	Japan	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Portugal branch)	Portugal	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Spain branch)	Spain	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie (Zurich branch)	Switzerland	Full	100,0	100,0		Full	100,0	100,0		
Cardif Assurance Vie SA	France	Full	100,0	100,0		Full	100,0	100,0		
Cardif Biztosito Magyarorszag Zartkrouen	Hungary	EM *	100,0	100,0	(4)					
Cardif Colombia Seguros Generales SA	Colombia	Full	100,0	100,0		Full	100,0	100,0		
Cardif Compania de Seguros	Peru	EM *	100,0	100,0		EM *	100,0	100,0	(4)	
Cardif do Brasil Seguros e Garantias SA	Brazil	Full	100,0	100,0		Full	100,0	100,0		
Cardif Do Brasil Vida e Previdencia S.A	Brazil	Full	100,0	100,0		Full	100,0	100,0		
Cardif EL Djazair	Algeria	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Forsakring	Sweden	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Forsakring AB (Denmark branch)	Denmark	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Forsakring AB (Norway branch)	Norway	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif hayat Sigorta Anonim Sirketi Vie	Turkey	EM *	100,0	100,0		EM *	100,0	100,0	(4)	
Cardif IARD	France	Full	66,0	66,0		EM *	83,0	83,0	(4)	
Cardif Life Insurance Japan	Japan	Full	75,0	75,0	(4)					
Cardif Limitada	Brazil	EM *	100,0	100,0	(4)					
Cardif LivForsakring AB	Sweden	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Livforsakring AB (Denmark branch)	Denmark	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Livforsakring AB (Norway branch)	Norway	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Lux Vie	Luxembourg	EM	33,3	33,3		EM	33,3	33,3		
Cardif Mexico Seguros de Vida SA	Mexico	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Mexico Seguros Generales SA	Mexico	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Non Life Insurance Japan	Japan	Full	100,0	75,0	(4)					
Cardif Polska	Poland	EM *	100,0	100,0		EM *	100,0	100,0		
Cardif Seguros	Argentina	Full	100,0	100,0		Full	100,0	100,0		
Cardif Servicios S.A.C	Peru	EM *	100,0	100,0	(4)					
Cardif Servicios SA	Argentina	EM *	100,0	100,0		EM *	100,0	100,0	(4)	
CARGEAS Assicurazioni S.p.A	Italy	Full	100,0	100,0		Full	100,0	100,0		
Icare Assurance SA	France	Full	100,0	100,0		Full	100,0	100,0		
LLC Insurance Company Cardif	Russia	Full	100,0	100,0		Full	100,0	100,0		
Luitaseg	Brazil	EM	50,0	50,0		EM	50,0	50,0		
Natio Assurance	France	Full	100,0	100,0		EM	50,0	50,0		
Poistovna Cardif Slovakia	Slovakia	EM *	100,0	100,0		EM *	100,0	100,0		
SBI Life Insurance Company Ltd	India	EM	22,0	22,0		EM	22,0	22,0		
Vietcombank Cardif Life Insurance Company LTD	Vietnam	EM	43,0	43,0	(4)					
OTHER ACTIVITIES										
BNP Paribas Cardif Servicios y Asistencia Limitada	Chile	EM *	100,0	100,0		EM *	100,0	100,0		
BNPP PSC Limited	UK	Full	100,0	100,0		Full	100,0	100,0		
Cardif Pinnacle Insurance Management Services	UK	Full	100,0	100,0		Full	100,0	100,0		
GIE BNP Paribas Cardif	France	Full	99,5	99,5		Full	99,5	98,5		

			30 June 2018				31 December 2017			
Name	Country	Consolidation method	% of control	Interest (%)	Ref.	Consolidation method	% of control	Interest (%)	Ref.	
INSURANCE INVESTMENTS										
AEW ImmoCommercial	France	MV	20,5	20,5	(4)					
Agathe Retail France	France	MV	33,3	33,3	(4)					
Assuvie	France	EM	50,0	50,0		EM	50,0	50,0		
Bouleragny SCI	France	MV	50,0	50,0	(4)					
Capital France Hôtel	France	Full	98,4	98,4		Full	98,7	98,7		
Cardimmo	France	Full	100,0	100,0		Full	100,0	100,0		
CFH Bercy	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Bercy Hotel	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Bercy Intermédiaire	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Boulogne	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Cap d'ail	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Milan Holdco SRL	France	Full	100,0	98,6		Full	100,0	98,6	(4)	
CFH Montmartre	France	Full	100,0	98,6		Full	100,0	98,6		
CFH Montparnasse	France	Full	100,0	98,6		Full	100,0	98,6		
C-Santé	France	Full	100,0	100,0	(4)					
EP L	France	MV	34,0	34,0	(4)					
Fleur SAS	France	MV	33,3	33,3	(4)					
Foncière partenaires	France	MV	20,0	20,0	(4)					
FONDIS	France	MV	25,0	25,0	(4)					
Fundamenta	Italy	Full	100,0	100,0		Full	100,0	100,0		
Harewood Helena 2 Ltd	UK	Full	100,0	100,0	(4)					
Hibernia	France	Full	100,0	98,6		Full	100,0	98,6		
HVP	France	Full	100,0	98,6		Full	100,0	98,6		
Opéra Rendement	France	Full	100,0	100,0		Full	100,0	100,0		
OPPCI Powerhouse	France	MV	47,4	47,4		EM	47,4	47,4	(4)	
Rubin SARL	Luxembourg	MV	50,0	50,0	(4)					
Rueil Ariane	France	Full	100,0	100,0		Full	100,0	100,0		
S.A.P.A - CFH Algonquin Management Partners France Italia	France	Full	100,0	98,6		Full	100,0	98,6	(4)	
SAS Defense CB3	France	MV	25,0	25,0	(4)					
SAS Preim Healthcare	France	MV	24,4	24,4	(4)					
SAS Velizy	France	MV	33,3	33,3	(4)					
SCI 68/70 rue de Lagny-Montreuil	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Alphapark	France	MV	50,0	50,0	(4)					
SCI BNP Paribas Pierre I	France	Full	100,0	100,0		Full	100,0	100,0		
SCI BNP Paribas Pierre II	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Bobigny Jean Rostand	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Cardiff Logement	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Carma Grand Horizon SARL	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Citylight Boulogne	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Clichy Nuovo	France	MV	50,0	50,0	(4)					
SCI Corosa	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Défense Etoile	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Défense Vendôme	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Etoile du Nord	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Fontenay Plaisance	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Imela Vélizy	France	MV	21,8	21,8	(4)					
SCI Le Mans Gare	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Liberté	France	MV	50,0	50,0	(4)					
SCI Nanterre Guillaumes	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Nantes Carrot	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Odyssée	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Pantin les Moulins	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Paris Batignolles	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Paris Cours de Vincennes	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Porte d'Asnières	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Porte de Claye	France	EM	45,0	45,0		EM	45,0	45,0		
SCI Reumal Investissements	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Rue Moussorgski	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Rueil Caudron	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Saint Denis Landy	France	Full	100,0	100,0		Full	100,0	100,0		
SCI Saint Denis Mitterrand	France	Full	100,0	100,0		Full	100,0	100,0		
SCI SCOO (Société des Centres d'Oc et d'Oli)	France	EM	46,4	46,4		EM	46,4	46,4		
SCI Vendôme Athènes	France	MV	50,0	50,0	(4)					
SCI Villeurbanne Stalingrad	France	Full	100,0	100,0		Full	100,0	100,0		
Valeur Pierre Epargne	France	Full	100,0	100,0		Full	100,0	100,0		
Structured entities										
BNPP CP Cardiff Alternative	France	Full	-	-		Full	-	-		
BNPP CP Cardiff Private Debt	France	Full	-	-		Full	-	-		
BNPP France Crédit	France	Full	-	-		Full	-	-		
Camegston Obilflexible	France	Full	-	-		Full	-	-		
Cardif Alternatives Part I	France	Full	-	-		Full	-	-		
Cardif BNPP IP Convertibles World	France	Full	-	-		Full	-	-		
Cardif BNPP IP Equity Frontier Markets USD	France	Full	-	-		Full	-	-		
Cardif BNPP IP Signatures	France	Full	-	-		Full	-	-		
Cardif BNPP IP Smid Cap Euro	France	Full	-	-		Full	-	-		
Cardif BNPP IP Smid Cap Europe	France	Full	-	-		Full	-	-		
CARDIF CPR Base Credit	France	Full	-	-		Full	-	-		
Cardif Edram Signatures	France	Full	-	-		Full	-	-		
Cardif Vita Convex Fund EUR	France	Full	-	-		Full	-	-		
Cedrus Carbon Initiative Trends	France	Full	-	-		Full	-	-		
FP Cardif Convex Fund USD	France	Full	-	-		Full	-	-		
G C Thematic Opportunities II (Ireland)	France	Full	-	-		Full	-	-		
Natio Fonds Athènes Investissement N°5	France	Full	-	-		Full	-	-		
Natio Fonds Colline International	France	Full	-	-		Full	-	-		
Natio Fonds Collines Investissement N°1	France	Full	-	-		Full	-	-		
Natio Fonds Collines Investissement N°3	France	Full	-	-		Full	-	-		
New Alpha Cardif Incubator Fund	France	Full	-	-		Full	-	-		
Permal Cardif Co-Investment Fund	France	Full	-	-		Full	-	-		
Tikehau Cardif Loan Europe	France	Full	-	-		Full	-	-		
Vallées FCP	France	Full	-	-		Full	-	-		

The percentage of voting indicates the Group's direct and indirect holding in the company concerned.

(1) Companies removed from the scope without sale

(2) Capital Increase: accretion

(3) Consolidation method change not related to fluctuation in voting or ownership interest

(4) Incoming entities

MV (Market Value) Investment in an entity under significant influence at the market value of the market

EM * (Equity Method) Controlled but non materially significant entities consolidated under the equity method as associates

2.2 MAIN MINORITY INTERESTS

The assessment of the materiality of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intragroup balances and transactions) and to the BNP Paribas Cardif Group profit and loss account.

In millions of euros at			30 June 2018		
	Minority shareholders' interest (%)	Minority shareholders' control (%)	Total Balance Sheet ⁽¹⁾	Net income attributed to minority interests of the subsidiary	Dividends paid to minority shareholders
Cardif Insurance Japan (sociétés Life & Non Life)	25%	25%	646	3	-
Cardif IARD	34%	34%	85	(4)	-

In millions of euros at			31 December 2017		
	Minority shareholders' interest (%)	Minority shareholders' control (%)	Total Balance Sheet ⁽¹⁾	Net income attributed to minority interests of the subsidiary	Dividends paid to minority shareholders
Cardif Life Insurance Co. Ltd	15%	15%	3 222	1	-

(1) Amount before elimination of intragroup balances and transactions

During the first half of 2018, The BNP Paribas Cardif Group sold 25% of Cardif Life Insurance Japan and Cardif Non Life Insurance Japan as part of an expanding partnership in Japan. In addition, a dilutive capital increase in Cardif IARD reduced the Group's interest to 66%.

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 33 million as at 30 June 2018.

NOTE 3 BUSINESS COMBINATIONS

Operations realised in 2018

On 29 June 2018, BNP Paribas Cardif obtained control of the French non-life insurance company, Natio Assurance, following the purchase of shares held by AXA. Prior to the transaction, the BNP Paribas Cardif Group held 50% of the entity.

The BNP Paribas Cardif Group already had a significant influence on Natio Assurance and this entity was previously consolidated under the equity method. After this acquisition, this entity was fully consolidated.

Operations realised in 2017

No significant business combination occurred during the first half of 2017.

NOTE 4 NOTES TO THE CONSOLIDATED BALANCE SHEET

4.1 GOODWILL

<i>In millions of euros</i>	30 June 2018	31 December 2017
CARRYING AMOUNT AT START OF THE PERIOD	248	192
Acquisitions	-	57
Effect of movements in exchange rates	0	(1)
CARRYING AMOUNT AT END OF THE PERIOD	248	248
Gross carrying amount	248	248
Accumulated impairment recognised at the end of period	-	-

Goodwill by cash-generating unit is as follows:

<i>In millions of euros</i>	Carrying amount		Impairment recognised during the period		Acquisitions during the period	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
France	37	37	-	-	-	-
Italy	196	196	-	-	-	57
Rest of Europe	14	14	-	-	-	-
Asia	1	1	-	-	-	-
TOTAL GOODWILL	248	248	-	-	-	57

4.2 INVESTMENT PROPERTY

Investment property corresponds to land, buildings and intangible business assets acquired with the properties. These are representative of the assets invested as part of life insurance activity (excluding assets supporting unit-linked contracts which are presented under "Investments in unit-linked contracts").

<i>In millions of euros</i>	30 June 2018				31 December 2017			
	Gross carrying amount	Accumulated depreciation, amortisation and impairment	Carrying amount	Market value	Gross carrying amount	Accumulated depreciation, amortisation and impairment	Carrying amount	Market value
TOTAL INVESTMENT PROPERTY	3 627	(489)	3 138	4 128	3 544	(438)	3 106	4 102

The net depreciation and amortisation expense as of 30 June 2018 was EUR 31 million, compared with EUR 57 million in 2017.

4.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	30 June 2018			31 December 2017		
	Net value	of which impairment	of which changes in value taken directly to equity	Net value	of which impairment	of which changes in value taken directly to equity
Equities and other variable-income securities	6 426	(300)	1 094	6 825	(373)	1 492
Bonds and other fixed-income securities	99 304	-	9 639	102 712	-	11 331
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	105 730	(300)	10 733	109 537	(373)	12 823

Changes in value of assets taken directly to equity are detailed as follows:

In millions of euros	30 June 2018			31 December 2017		
	Fixed-income securities	Equities and other variable-income securities	Total	Fixed-income securities	Equities and other variable-income securities	Total
Non-hedged changes in value of securities, recognised in "Available-for-sale financial assets"	9 639	1 094	10 734	11 331	1 492	12 823
Deferred tax linked to these changes in value	(2 592)	(301)	(2 892)	(3 069)	(397)	(3 466)
Insurance policyholders' surplus profit from insurance entities, after deferred tax	(6 207)	(701)	(6 907)	(7 258)	(975)	(8 232)
Group share of changes in value of available-for-sale securities owned by entities consolidated under the equity method, after deferred tax and deferred profit-sharing	6	22	28	11	45	56
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(8)	-	(8)	(9)	-	(9)
TOTAL ⁽¹⁾	839	115	954	1 005	166	1 171

⁽¹⁾ This total is included in the category "Total changes recognised directly in equity" in the table of changes in equity

4.4 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item includes financial assets designated by the Group to be valued at market or model value through profit and loss.

In millions of euros	30 June 2018	31 December 2017
Equities and variable income securities	18 159	16 809
Bonds and other fixed-income securities	19 619	16 951
TOTAL FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	37 778	33 760

4.5 LOANS AND RECEIVABLES

<i>In millions of euros</i>	30 June 2018		31 December 2017	
	Carrying amount	of which impairment	Carrying amount	of which impairment
LOANS AND RECEIVABLES	1 701	-	1 837	-
<i>of which insurance company investments</i>	1 676	-	1 818	-
<i>of which investments from other businesses</i>	25	-	18	-

4.6 DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

The positive or negative fair value of derivative financial instruments classified in the trading portfolio represents the replacement value of those instruments.

4.6.1 Fair value by derivative financial instrument

The market value of derivative instruments on the assets and liabilities sides of the balance sheet breaks down as follows:

<i>In millions of euros</i>	30 June 2018		31 December 2017	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate derivatives	405	429	285	346
Foreign exchange derivatives	100	44	72	53
Equity derivatives	0	-	22	6
DERIVATIVE FINANCIAL INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES	505	473	379	405
<i>of which insurance company investments</i>	463	470	374	380
<i>of which investments from other businesses</i>	42	3	5	26

These amounts include the fair values of the derivative financial instruments used for hedging purposes.

4.6.2 Notional amounts of derivative financial instruments

The table below presents the notional amounts of derivative financial instruments. The notional amounts of derivative instruments are merely an indication of the volume of the BNP Paribas Cardif Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

<i>In millions of euros</i>	30 June 2018			31 December 2017		
	Exchanges	Over the counter	Total	Exchanges	Over the counter	Total
Interest rate derivatives	1 403	21 254	22 657	593	20 632	21 225
Foreign exchange derivatives	-	10 252	10 252	-	6 990	6 990
Equity derivatives	232	1 400	1 632	39	300	339
DERIVATIVES (NOTIONAL AMOUNTS)	1 634	32 907	34 541	632	27 922	28 554

4.7 DETERMINATION OF MARKET VALUE OF FINANCIAL INSTRUMENTS

4.7.1 Valuation process

BNP Paribas Cardif has retained the fundamental principle that it should have a single 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 BNP Paribas Cardif business decisions and risk management strategies.

In its regular assessment of asset valuation, the BNP Paribas Cardif Group has defined a policy for allocating levels ("Level Policy procedure"), a reference document containing the criteria to be taken into account for the positioning of financial instrument levels.

4.7.2 Description of main instruments in each level

As detailed in the note 1 "accounting principles and methods", financial instruments at market value are divided into three levels. This hierarchy is also applied to financial instruments, both assets and liabilities, which are recognised at amortised cost.

In millions of euros	30 June 2018				31 December 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments at market value								
Available-for-sale financial assets	92 263	13 172	295	105 730	98 338	10 335	863	109 536
Financial instruments at fair value through profit or loss (1)	65 184	17 539	4 637	87 360	65 061	13 420	3 324	81 804
Derivatives and separate embedded derivatives	-	505	-	505	11	368	-	379
Fair value of financial instruments at amortised cost								
Loans and receivables	127	1 480	125	1 732	130	1 494	248	1 872
Held-to-maturity financial assets	4 238	-	-	4 238	4 816	-	-	4 816
FINANCIAL ASSETS	161 812	32 696	5 057	199 566	168 356	25 617	4 435	198 408
Financial instruments at market value								
Derivative liability instruments	1	472	-	473	1	404	-	405
Fair value of financial instruments at amortised cost								
Subordinated debt	-	4 559	-	4 559	-	4 783	-	4 783
Repurchase agreements granted	-	7 894	-	7 894	-	8 668	-	8 668
Loans from credit institutions	-	3 532	-	3 532	-	3 354	-	3 354
FINANCIAL LIABILITIES	1	16 456	-	16 458	1	17 209	-	17 211

(1) including investments in unit-linked contracts

Market value of financial instruments recognised at fair value

The following section provides a description of the criteria used to allocate the instruments in each level in the hierarchy.

- Level 1: this level includes all securities and derivatives that are listed on stock exchanges or quoted continuously in other active markets.

This category includes, in particular, equity securities and liquid bonds and derivative instruments traded on organised markets (futures, options, etc.). It includes shares of funds and mutual funds whose net asset value is calculated daily.

- Level 2: this level is composed of securities which are less liquid than those in the Level 1. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of active market makers, but those prices do not represent directly quoted 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.

This category includes shares, certain government or company bonds whose valuations are infrequent, other shares of funds and mutual funds and derivatives over-the-counter (OTC).

- Level 3: Level 3 securities consist primarily of fund shares and unlisted equities, mainly shares in non listed companies and venture capital funds.

Unlisted Level 3 equities and other variable-income securities are valued using one of the following methods: share of revalued net assets, multiples of equivalent companies, discounting of future cash flows generated by the company's business, multi-criteria approach.

Fair value of financial instruments carried at amortised cost

The information regarding the market value of financial instruments recognised at amortised cost should 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 30 June 2018; 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;
- 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 valuation techniques and assumptions used ensure a consistent measure of the fair value of the financial assets and liabilities recognised at amortised cost within the BNP Paribas Cardif Group: if prices listed on an active market are available, they are used to determine fair value. Otherwise, the fair value is determined using valuation techniques, such as discounting estimated future cash flows for loans, debts and held-to-maturity financial assets, or specific cash flow models for other financial instruments. The fair value used for loans, debts and held-to-maturity assets with an initial maturity of less than one year is the recognised value.

4.7.3 Table of movements in Level 3 financial instruments

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

In millions of euros	Financial Assets		
	Available-for-sale financial instruments	Financial instruments at fair value through profit or loss	Total
Position as at 31 December 2017	863	3 324	4 187
Incoming entities	70	-	70
Purchases	110	1 047	1 157
Sales	(219)	(798)	(1 017)
Settlements	(295)	(73)	(368)
Reclassification	(1 960)	900	(1 059)
Transfers to Level 3	1 735	12	1 746
Transfers from Level 3	(4)	(18)	(22)
Gains recognised in the income statement (assets +)	41	280	321
Losses recognised in the income statement (assets -)	(31)	(38)	(70)
Items related to exchange rate movements	(1)	1	0
Changes in assets recognised in equity	(14)	-	(14)
Position as at 30 June 2018	295	4 637	4 932

Transfers between levels may occur when an instrument fulfils the criteria defined in the new level, 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. Transfers have been reflected as if they had taken place at the beginning of the reporting period.

4.8 SHARE CAPITAL

	30 June 2018			31 December 2017		
	Number of shares	Unit value (euros)	Carrying amount (euros)	Number of shares	Unit value (euros)	Carrying amount (euros)
Shares issued at start of period	62 483	2,40	149 959 051	62 483	2,40	149 959 051
SHARES ISSUED AT END OF PERIOD	62 483	2,40	149 959 051	62 483	2,40	149 959 051

4.9 FINANCING DEBT

4.9.1 Detail of subordinated debt at amortised cost and financing debt securities

The BNP Paribas Cardif Group's financing debts consist solely of subordinated debt valued on the balance sheet at their nominal amount.

Transactions carried out in 2017

On 25 September 2017, BNP Paribas Cardif redeemed a redeemable subordinated note issued in December 2011 with a par value of EUR 753 million. This issue offered the subscriber, BNP Paribas SA, a Euribor 3-Month +5.20% variable-rate coupon.

On 26 September 2017, BNP Paribas Cardif issued a Redeemable Subordinated Note with a par value of EUR 760 million and a maturity of 30 years. This security subscribed by BNP Paribas SA offers a Euribor 3-Month +2.68% variable-rate coupon. The coupon is paid quarterly. This note may be redeemed at the end of a 10-year period.

On 29 September 2017, BNP Paribas Cardif redeemed a subordinated perpetual note issued in March 2012 with a par value of EUR 710 million. This issue offered the subscriber, BNP Paribas SA, a Euribor 3-Month +6.35% variable-rate coupon.

On 29 September 2017, BNP Paribas Cardif issued a Redeemable Subordinated Note with a par value of EUR 710 million and a maturity of 30 years. This security subscribed by BNP Paribas SA offers a Euribor 3-Month +2.73% variable-rate coupon. The coupon is paid quarterly. This note may be redeemed at the end of a 10-year period.

On 29 November 2017, BNP Paribas Cardif issued a Redeemable Subordinated Note with a par value of EUR 750 million and a maturity of 7 years. This note pays a fixed-rate coupon of 1%. The coupon is paid annually. This note may be redeemed at the end of a 5-year period.

On 14 December 2017, BNP Paribas Cardif issued a Redeemable Subordinated Note with a par value of EUR 170 million and a maturity of 30 years. This security subscribed by BNP Paribas SA offers a Euribor 3-Month +1.80% variable-rate coupon. The coupon is paid quarterly. This note may be redeemed at the end of a 10-year period.

On 18 December 2017, BNP Paribas Cardif redeemed a redeemable subordinated note issued in December 2012 with a par value of EUR 277 million. This issue offered the subscriber, BNP Paribas SA, a Euribor 3-Month +4.75% variable-rate coupon.

The payment of interest on the subordinated notes and the redemption of those notes may be deferred if the Solvency Capital Requirement (or Solvency II Minimum Solvency Requirement) is not met or if such payment or redemption would result in non-compliance with the regulatory requirements. This deferral is maintained until BNP Paribas Cardif meets the solvency capital requirement (or minimum capital requirement) and the payment or redemption is no longer likely to result in non-compliance.

Transactions carried out in 2018

On 20 March 2018, Cardif Life Insurance Japan issued a Redeemable Subordinated Loan with a par value of YEN 7 700 million and a maturity of 10 years. 80% of this security was subscribed by BNP Paribas Cardif and the remaining 20% (or EUR 12 million) by Sumitomo Mitsui Trust Bank. This loan offers a Fixed-rate coupon of 1.18178% payable semi-annually. It may be redeemed at the end of a 5-year period.

Breakdown of subordinated debt as at 30 June 2018

In millions of euros	Issuer	Subscriber	Issue date	Maturity	Call date	Interest rate before call date	Rate after 1st call date	Nominal value
PSDI	Cardif Assurance Vie	BNP Paribas	23/12/2004	Undetermined	23/12/2019	4.40% until 22/12/2014 then 2.498%	2.498%	125
PSDI	Cardif Assurance Vie	BNP Paribas	23/12/2004	Undetermined	23/12/2019	4.40% until 22/12/2014 then 2.498%	2.498%	32
PSLN	BNP Paribas Cardif	Third party	25/11/2014	Undetermined	25/11/2025	0,04032	3-month Euribor + 3.93%	987
PSLN	BNP Paribas Cardif	BNP Paribas	25/11/2014	Undetermined	25/11/2025	0,04032	3-month Euribor + 3.93%	12
PSR	Cardif Assurance Vie	BNP Paribas	18/12/2015	18/12/2025	18/12/2020	3-month Euribor + 2.46%	3-month Euribor + 2.66%	182
RSLN	Cardif Assurance Risques Divers	BNP Paribas	28/06/2016	28/06/2026	28/06/2021	3-month Euribor + 3.15%	3-month Euribor + 3.15%	200
RSLN	Cardif Assurance Vie	BNP Paribas	27/09/2016	27/09/2026	27/09/2021	3-month Euribor + 2.71%	3-month Euribor + 2.71%	650
RSLN	BNP Paribas Cardif	BNP Paribas	26/09/2017	26/09/2047	26/09/2027	3-month Euribor + 2.68%	3-month Euribor + 2.68%	760
RSLN	BNP Paribas Cardif	BNP Paribas	29/09/2017	29/09/2047	29/09/2027	3-month Euribor + 2.73%	3-month Euribor + 2.73%	710
RSLN	BNP Paribas Cardif	Third party	29/11/2017	29/11/2024	29/11/2027	1.00%	1.00%	750
RSLN	BNP Paribas Cardif	BNP Paribas	14/12/2017	14/12/2047	14/12/2027	3-month Euribor + 1.80%	3-month Euribor + 1.80%	170
PSR	Cardif Life Insurance Japan	Third party	20/03/2018	20/03/2028	20/03/2023	TIBOR swap + 0,9% (Fixed) i.e 1,18178%	6-month TIBOR + 1,9% (Floating)	12
Total subordinated debt - Nominal amount								4 590
Related debt and amortised debt issuance costs								19
TOTAL SUBORDINATED DEBT								4 609

4.9.2 Financing debt due to banking sector companies

This includes foreign currency borrowings to cover equity investments in subsidiaries outside the Euro zone.

4.10 TECHNICAL LIABILITIES FROM INSURANCE POLICIES AND INVESTMENT CONTRACTS EXCLUDING POLICYHOLDERS' SURPLUS RESERVE

In accordance with ANC Recommendation No 2013-05, liabilities arising from insurance and reinsurance contracts are broken down into technical liabilities related to insurance contracts under IFRS 4 and technical liabilities relating to investment contracts, which fall in principle under IAS 39, but are subdivided into discretionary profit-sharing contracts recognised in accordance with IFRS 4 and deposits relating to investment contracts recognised in accordance with IAS 39.

Under these two headings, the liabilities related to unit-linked contracts are kept separate.

The breakdown of insurance and investment contract liabilities under IFRS 4 and IAS 39 is as follows:

In millions of euros	30 June 2018			31 December 2017		
	Gross value	Reinsurance ceded	Net value	Gross value	Reinsurance ceded	Net value
Unearned premium reserve	2 706	383	2 323	2 700	390	2 310
Claims reserves	1 817	296	1 521	1 535	290	1 245
Deferred participation reserve	2	-	2	2	-	2
Other Technical reserves	170	5	165	158	4	153
Non-Life Insurance Contracts	4 695	684	4 012	4 395	684	3 711
Mathematical reserves arising from insurance contracts	80 830	1 789	79 040	80 087	1 841	78 246
Mathematical reserves arising from unit-linked insurance contracts	46 252	559	45 693	44 568	550	44 018
Mathematical reserves arising from investment contracts with discretionary participating feature	30 774	-	30 774	29 335	-	29 335
Technical liabilities arising from unit-linked investment contracts without discretionary participating feature	3 667	-	3 667	3 534	-	3 534
Benefits payable (claims, buybacks, terms)	1 673	99	1 575	1 408	90	1 317
Deferred participation reserve	4 531	-	4 531	4 170	-	4 170
Other Technical reserves	194	4	191	208	4	204
Life insurance contracts and investment contracts	167 922	2 451	165 471	163 308	2 485	160 823
TOTAL TECHNICAL LIABILITIES FROM INSURANCE AND INVESTMENT CONTRACTS	172 617	3 135	169 482	167 702	3 169	164 533
OF WHICH TECHNICAL LIABILITIES FROM INSURANCE CONTRACTS	138 177	3 135	135 041	134 834	3 169	131 665
OF WHICH TECHNICAL LIABILITIES FROM INVESTMENT CONTRACTS	34 441	-	34 441	32 868	-	32 868

4.11 POLICYHOLDERS' SURPLUS RESERVE

<i>In millions of euros</i>	30 June 2018			31 December 2017		
	Policyholders' surplus reserve – asset	Policyholders' surplus reserve – liability	Total	Policyholders' surplus reserve – asset	Policyholders' surplus reserve – liability	Total
Deferred profit-sharing recognised through profit and loss account	-	(5 095)	(5 095)	-	(4 962)	(4 962)
Deferred profit-sharing recognised through shareholders' equity	-	(9 704)	(9 704)	-	(11 567)	(11 567)
TOTAL	-	(14 799)	(14 799)	-	(16 528)	(16 528)

The policyholders' surplus reserve arises from the application of shadow accounting, which 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 valued through stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates granted to customers and new business inflows.

NOTE 5 **ADDITIONAL INFORMATION**

5.1 EVENT AFTER THE REPORTING PERIOD

During the third quarter of 2018, the economic situation has deteriorated in Argentina, marked by high inflation and the depreciation of the Peso. As a result, the BNP Paribas Cardif Group considered applying the accounting standard related to financial reporting in hyperinflationary economies. Given the low exposure of the BNP Paribas Cardif Group in Argentina, it was concluded that the impact of the application of this standard would not be material.