



R.C.S. Luxembourg: B 24 784

19, rue Eugène Ruppert
L-2453 Luxembourg

Interim financial information for
the six-month period ended
June 30, 2018 and
review report of the
Réviseur d'entreprises agréé

BNP Paribas Fortis Funding

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To the shareholders of
BNP Paribas Fortis Funding S.A.
19, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ ON THE REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying interim financial information of BNP Paribas Fortis Funding S.A. (the "Company"), which comprises the balance sheet as at June 30, 2018 and the profit and loss account for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the interim financial statements

The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with Luxembourg legal and regulatory requirements and such internal control as the Board of Directors determines is necessary to enable the preparation of interim financial information that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to express a conclusion on this interim financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as adopted by the Institute of Réviseurs d'Entreprises.

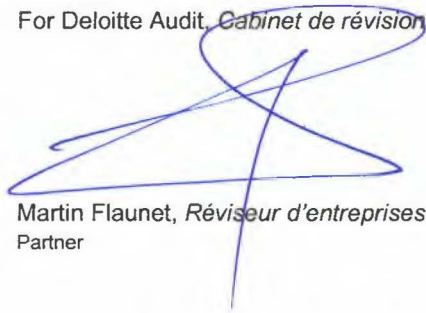
Scope of Review

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2018, and of its financial performance for the six-month period then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of this interim financial information.

For Deloitte Audit, *Cabinet de révision agréé*



Martin Flaunet, *Réviseur d'entreprises agréé*
Partner

Luxembourg, September 5, 2018

BNP Paribas Fortis Funding

Public limited company

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Report from the Board of Directors

Dear Sirs,

We are pleased to submit to you for approval, the interim financial information for the six months period ended June 30, 2018.

As at June 30, 2018, the total balance sheet amounts to EUR 3,581,995,687.61 compared to EUR 3,991,551,995.45 as at December 31, 2017.

The Company issued securities (amongst which retail offers to the public in Belgium and in the Grand-Duchy in Luxembourg) which are split as follows:

	June 30, 2018	December 31, 2017
Subordinated notes	70,536,002.06	119,675,686.93
Fixed interest rates notes	848,762,712.47	1,130,717,995.90
Floating rates notes	244,927,468.03	243,690,372.19
Variable coupon notes	1,618,374,732.02	1,706,881,328.75
Variable redemption notes Index Linked	594,219,996.58	531,259,114.09
Variable redemption notes Other	66,429,459.97	57,849,192.33
TOTAL	3,443,250,371.13	3,790,073,690.19

The amounts presented above represent the nominal in countervalue EUR of the issuances.

The accrued interest payable linked to these issuances amount to EUR 28,595,459.80 (December 31, 2017: EUR 37,857,995.45).

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During the first semester 2018, the Company issued several securities and faced several redemptions and reductions (buy-backs and call notes) as follows:

	Issues			Redemptions/Reductions			Foreign exchange by category	Total
	Number	Ccy	In Euro	Number	Ccy	In Euro	In Euro	In Euro
Subordinated notes				4	EUR	-50,000,000.00		
Total				4		-50,000,000.00	860,315.13	-49,139,684.87
Fixed interest rate notes				1	AUD	-14,256,619.14		
				2	EUR	-165,227,000.00		
				3	NOK	-139,951,671.31		
				2	TRY	-8,028,578.60		
Total				8		-327,463,869.05	45,508,585.62	-281,955,283.43
Floating rate notes								
Total							1,237,095.84	1,237,095.84
Variable coupon notes	3	EUR	33,103,000.00	10	EUR	-134,584,000.00		
	1	USD	10,531,458.94		USD	-1,811,984.28		
Total	4		43,634,458.94	10		-136,395,984.28	4,254,928.61	-88,506,596.73
Index linked notes	9	EUR	63,183,000.00	2	EUR	-9,899,000.00		
	3	USD	9,079,375.97		USD			
Total	12		72,262,375.97	2		-9,899,000.00	597,506.52	62,960,882.49
Other	1	USD	8,397,051.26		USD	-1,150,737.10		
Total	1		8,397,051.26			-1,150,737.10	1,333,953.48	8,580,267.64
TOTAL GENERAL	17		124,293,886.17	24		-524,909,590.43	53,792,385.20	-346,823,319.06

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As at June 30, 2018, the Company shows a profit amounting to EUR 375,173.81 compared to a loss amounting to EUR -106,088.10 for the first semester 2017 which is summarized as below:

In EUR	June 30, 2018	June 30, 2017
Interests margin	969,259.28	658,898.66
Exchange result	-5,438.28	-4,521.46
Amortization fees	-8,056.45	-20,584.43
Taxes	-151,926.49	-22,478.00
Other operating expenses	-1,262,401.88	-6,791,457.49
Other operating income	833,737.63	6,074,054.62
Total	375,173.81	-106,088.10

The increase in profit is mainly explained by the following elements:

- 1) Increase of the interest margin amounting to EUR 969,259.28 for the period ended June 30, 2018 against EUR 658,898.66 for the period ended June 30, 2017; this variation is mainly due to the new issuances with the margin of 6 bp, to the transfer of deposits into bonds purchased from BNP Paribas Fortis with an increase of the margin from 3 to 6 bp and to some bonds purchased from BNP Paribas Fortis with a rate capped at 0%.
- 2) Decrease of the amortization on option premiums paid as follows (*):

In EUR	June 30, 2018	June 30, 2017
Amortization premium paid	-715,722.30	-1,016,768.24
Total	-715,722.30	-1,016,768.24

The option premiums are amortized over the life of the corresponding security issuance retrospectively as from January 1, 2010.

- 3) Increase of the amortization on expenses relating to bond issuances as follows (**):

In EUR	June 30, 2018	June 30, 2017
Amortization of expenses related to bond issues	-25,658.12	-39,937.39
Amortization of syndication commissions	-5,624,135.51	-5,333,793.33
Total	-5,649,793.63	-5,373,730.72

The expenses are amortized over the life of the corresponding security's issuance.

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4) Decrease of the net amortization of the upfront fees received as follows (*):

In EUR	June 30, 2018	June 30, 2017
Amortization of upfront fees received	742,221.75	1,053,397.00
Total	742,221.75	1,053,397.00

The upfront fees are amortized over the life of the corresponding security's issuance. Furthermore, for the upfront fees received the residual life of the corresponding security's issuance is longer than for the upfront fees paid.

5) Increase of the amortization of the premiums received on borrowings as follows (**):

In EUR	June 30, 2018	June 30, 2017
Amortization of premium received on borrowings	5,614,266.34	5,316,517.53
Total	5,614,266.34	5,316,517.53

6) Amortization on break up fees related to early termination of some loans and amortization on premium above/under par on bonds purchased from BNP Paribas Fortis – Belgium.

These amortizations started in August 2017 and are booked over the life of the corresponding bond issuance.

In EUR	June 30, 2018	June 30, 2017
Amortization of break up fees on loans gain	4,409,427.06	-
Amortization of break up fees on loans loss	-55,646.03	-
Amortization of premium under par on bonds purchased	37,917.60	-
Amortization of premium above par on bonds purchased	-4,390,727.24	-
Total	971.39	-

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- 7) Increase of the taxes amounting to EUR 22,478 as at June 30, 2017 against EUR 151,926.49 as at June 30, 2018 (as there is a profit for the period ended June 30, 2018).
- 8) The net variation of other operating expenses and income is mainly explained by the amortization, from December 31, 2017, of the prescriptions funds: prescriptions elapsed and for which the cash balance is not claimed, within the legally described time frame, by the investors are reimbursed to the Company by the paying agent. When received, they are booked in balance sheet under the caption “Other creditors” and are amortized over 5 years.
Amortization amounts to EUR 268,315.89 for the period ended June 30, 2018 (June 30, 2017: EUR Nil).

* Historically when concluding a derivative on an equity linked product, the Company used to receive an Upfront fee on the IRS and used to pay an Option premium on the equity component of the hedge. Point 1) above relates to the amortization of such option premium paid (for most of the case) and point 3) above relates to the amortization of such upfront fee received (for most of the case).

** Upon issuance, the client paid a premium over par (most of the time) which is used to cover the syndication / distribution costs. Point 2) above relates to the amortization of such premium (syndication commission) paid to syndication and point 4) above relates to the amortization of such premium received by BP2F (premium received on borrowings).
As from January 2018, the issue price of the BP2F notes is 100% and the placement commissions are paid separately by the investors to BNP Paribas Fortis SA/NV as distributor.

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Reporting obligations and evolution of the legal ground

The Company fulfils its reporting obligations towards the local authorities and, with regard to the law of January 11, 2008 (as supplemented or amended from time to time) on transparency requirements for issuers of securities (the “Transparency Law”), the Company has signed in 2009 an agreement for OAM (Officially Appointed Mechanism) with BNP Paribas Securities Services, Luxembourg Branch (following the transfer on April 1, 2010 of the securities services activities of BGL BNP Paribas - Luxembourg to BNP Paribas Securities Services, Luxembourg branch).

It has to be noted that the Company doesn't provide post issuance information to the investors of its notes.

Certain obligations set out in Regulation (EU) No 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties and trade repositories, commonly referred to as the European Market Infrastructure Regulation (EMIR) are relevant for the Company that took actions to comply with such obligations:

- The Company is classified as a Non-Financial Counterpart (NFC) under EMIR and shall **report** (as from 2014) to a so-called trade repository the entry into, amendment of, and termination of any derivatives contract that is within the scope of EMIR. There is no exemption on this matter for intra-group derivatives contracts.
- Under EMIR, OTC derivatives shall be **cleared** (as from 2015) through a central counterparty if certain thresholds are met. Such thresholds are not expected to be exceeded by the Company (that is classified as NFC- towards its derivatives counterparts) but should it be the case, the Company intends to request to benefit from the exemption of clearing obligation for intra-group transactions.
- EMIR requires the Company to put in place risk-mitigation techniques for OTC derivatives contracts that are not cleared. It has been implemented by the Company mainly via (i) a procedure to ensure timely confirmations and portfolio reconciliation with its derivatives counterparts and (ii) amendments to the existing ISDA Master Agreements to cover the dispute resolution and to give certain representations within the framework of EMIR.

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Main inherent risks

The Board of Directors will also give below a general overview of the main inherent risks faced by BNP Paribas Fortis Funding and of the relevant mitigating factors. This overview is given as of the date of this report. The risks applicable to BNP Paribas Fortis Funding and the corresponding risk management methods can change from time to time.

The main inherent risks faced by BNP Paribas Fortis Funding can be broken down into the following categories:

1) Operational risk:

The operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human error, external events or changes in the competitive environment that damage the franchise or operating economics of a business.

Furthermore, in order to mitigate the risks, the Company hired in 2013 two part time employees of BNP Paribas Fortis SA/NV.

Before deciding on the issuance of any debt securities, each Director shall comply with the paragraphs 1 and 2 of Article 441-7 of the Luxembourg Law on commercial companies dated August 10, 1915 as amended, and as coordinated by the Grand-Ducal regulation dated 5 December 2017 (the “1915 Law”), providing that:

“Any director having direct or indirect financial interest conflicting with that of the company in a transaction which has to be considered by the board of directors, must advise the board thereof and cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations.

At the next following general meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the directors may have had an interest conflicting with that of the company.”

BNP Paribas Fortis Funding publishes from time to time (base) prospectuses to offer, place or/and list securities within the framework of its business activity as foreseen in its article of association.

As required by the Luxembourg law on prospectuses and the relevant regulations as the case maybe, the Company takes responsibility for the information contained in these prospectuses (with the limitations specified in these ones).

The base prospectus of the euro medium term note programme (EMTN) of the Company (as supplemented from time to time) was updated and approved by the *Commission de Surveillance du Secteur Financier* in Luxembourg on June 6, 2018 in order to comply with the amended prospectus directive and its regulations.

The EMTN programme of the Company is mainly used to launch plain vanilla and fixed income products.

The Company also acts as issuer (with BNP Paribas Fortis as guarantor) under the base prospectus dated June 5, 2018 (as supplemented) in respect of the issuance of unsubordinated notes under the note, warrant and certificate programme of BNP Paribas

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Issuance B.V., BNP Paribas and BNP Paribas Fortis Funding. That base prospectus has been approved by the French *Autorité des marchés financiers* (the “AMF”) in compliance with the prospectus directive 2003/71/EC (as amended).

The base prospectuses of the Company are published on its website www.bp2f.lu (the distribution of these documents being restricted by law).

2) Legal risk:

In case of any potential legal risk (e.g. license requested by a sponsor of an index, claim received from a noteholder or an investor), the Company will request advices from the legal department of its parent company and advices from an external legal advisor if it is required by an executive manager of the Company or by one member of the Board of Directors.

The Luxembourg prospectus law contains administrative sanctions in case of breach. As the Company also makes offers to the public in other jurisdictions, it may be exposed to the penal or/and administrative sanctions foreseen in the relevant local prospectus law or/and in other relevant local rules or regulations.

Furthermore, the Company follows the compliance rules defined by its parent company in term of reputational risk and compliance with laws and regulations applicable to the Company.

3) Tax risk:

In case of any potential tax risk, the Company requests advices from the tax specialists of its parent company and advices from an external tax advisor if it is required by one member of the Board of Directors.

4) Financial risk:

It encompasses two types of risk: credit risk and market risk as defined below:

- Credit risk is the risk that a borrower or counterparty will no longer be able to repay its debt;
- Market risk refers to the potential loss resulting from unfavourable market movements, which can arise from trading or holding positions in financial instruments.

Within the framework of the funding operations, BNP Paribas Fortis Funding hedges with BNP Paribas Fortis, BNP Paribas Arbitrage S.N.C. or possibly with BNP Paribas its exposures to various types of risks by using common OTC/derivatives instruments such as swaps and options from the issue date or strike date of each funding operation, for all the duration of such funding operation, and for the full amount of the related

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funding operation. As a general rule, the documentation of a derivative transaction of the Company shall refer to the documentation of the related funding transaction (the documentation of the related notes prevailing in case of discrepancy with the swap). Therefore the structure of each funding operation matches with the various related hedging transactions in terms of economics and in terms of documentation.

Nevertheless, when the Company enters into a derivative transaction with a view to hedging the issuance of the notes, an exact match between the terms of the Notes and the terms of the derivative transaction to hedge the exposure of the Company under the notes is impracticable. Where the hedge is governed by an ISDA Master Agreement, there may be events, such as illegality affecting the ability of one of the parties to perform its obligations under the hedge or various party specific defaults events, which may not be reflected exactly in the terms of the notes, and which could result in the hedge being terminated early, but with the notes remaining outstanding. Similarly, changes in tax treatment could affect the hedge but not the notes or vice versa. Therefore, the provision in a derivative confirmation stating that the documentation of the related notes prevails in case of discrepancy with the swap is only a way for the Company to mitigate the risk of mismatch (but doesn't enable to remove the risk entirely).

BNP Paribas Fortis Funding is currently only exposed to a counterparty risk (i) on BNP Paribas Fortis (as hedging counterpart and as borrower under the loans granted by the Company and as issuer of the bonds purchased by the Company), and (ii) on BNP Paribas Arbitrage S.N.C. (as hedging counterpart).

To avoid exposure to a credit risk on a paying agent under its debt issuance Programmes, BNP Paribas Fortis Funding has followed the market practice and has included a wording in the documentation of its debt issuance programmes to be discharged from its payment obligations towards the noteholders as soon as the payments have been made on time to the relevant principal paying agent.

For the avoidance of any doubt, BNP Paribas Fortis Funding does not hold a trading portfolio and is then not exposed to a trading risk, i.e. in case of changes in the market price of positions held in capital market instruments.

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5) Liquidity risk:

The liquidity risk is the risk that BNP Paribas Fortis Funding, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due, or can secure or sell its assets only at excessive cost.

This risk is mitigated by the Board that follows the Liquidity Risk Policy published by the parent company of BNP Paribas Fortis Funding by applying it to the Company. Such policy explicitly mentions that the bank must maintain sufficient cash and liquid assets to meet its current and future financial obligations at all times, in normal and in stressed circumstances, for all its banking and financial activities, including special purpose vehicles and all legal entities.

6) Settlement risk:

BNP Paribas Fortis Funding is responsible for the cash management on a daily basis by monitoring the cash balances of the Company. Furthermore, the Company has implemented a payment procedure approved by the Board of Directors and agreed by BGL BNP Paribas S.A. acting as account bank of the Company.

A contract and a convention for Multiline were signed in January 2015 between the Company and BGL BNP Paribas and the Company began to use this electronic payment tool from beginning of February 2015.

Information to be sent to the parent company

BNP Paribas Fortis Funding is a subsidiary of BNP Paribas Fortis. BNP Paribas Fortis is authorized and supervised by European Central Bank (ECB) and by the National Bank of Belgium, boulevard de Berlaimont 14, 1000 Brussels, and is also under the supervision on investor and consumer protection of the Financial Services and Markets Authority (FSMA), rue du Congrès 12-14, 1000 Brussels and is authorized as insurance agent under FSMA number 25789 A.

The National Bank of Belgium, BNP Paribas Fortis supervisor on a consolidated basis, has granted its approval for using the most advanced approaches for calculating the own funds requirements under Basel II. This means that BNPPF applies the Advanced Internal Ratings Based Approach (AIRBA) to credit risk and the Advanced Measurement Approach (AMA) to operational risk for the majority of its portfolio.

Besides, BNP Paribas Fortis uses ‘economic capital’ as a consistent and comparable measure of risk across all risk types and geographies. It serves as an indicator of Value at Risk (VaR).

BNP Paribas Fortis Funding shall report to its parent company with the relevant information to enable BNP Paribas Fortis to apply these methods on a consolidated basis.

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The Board of Directors examined the interim financial information for the six-month period as at June 30, 2018 of BNP Paribas Fortis Funding on September 5, 2018 and authorized their publication.

The Board of Directors of BNP Paribas Fortis Funding declares that, to its knowledge, the interim financial information for the six-month period as at June 30, 2018 of BNP Paribas Fortis Funding established in accordance with Luxembourg and regulatory requirements relating to the preparation of the interim financial information, give a faithful and honest image of the assets and liabilities, financial position and profits or losses of BNP Paribas Fortis Funding. The management report presents the evolution accurately, the results and the situation of BNP Paribas Fortis Funding and a description of the principal risks and uncertainties with which they are confronted.

No material subsequent events occurred to the Company since June 30, 2018.

Strategy related to BNP Paribas Fortis Funding

The issuances that the Company is proposing, via BNP Paribas Fortis S.A./N.V. acting as distributor, to different investor types and the lending of the proceeds of these transactions to its parent company, through loans or bonds issued by its parent company, is an important element of the funding policy of BNP Paribas Fortis.

The selling of structured notes and other types of bonds demanded by the Retail and Private Banking divisions of BGL BNP Paribas S.A. in Luxembourg or/and BNP Paribas Fortis NV/SA in Belgium is a stable element of the funding mix of BNP Paribas Fortis. On top of this, the Company also proposes tailor made issues (listed or not) for institutional investors.

The Company is independent regarding the issuance decisions.

It is in line with the BNP Paribas group organization to maintain BNP Paribas Fortis, directly or via its subsidiaries, in a position of independency concerning its liquidity and funding management. The Company, with a volume of outstanding debt securities of about EUR 3.4 billion, is an element of diversification in the funding mix of BNP Paribas Fortis.

We also take into consideration that, for the structured notes, the issuance of debts securities by the Company with the guarantee of BNP Paribas Fortis S.A./N.V. remains a practical solution to circumvent the fact that the Belgian National Bank's clearing system cannot handle certain structured financial products.

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Corporate Governance:

The articles of association do not provide any restriction regarding the voting rights of the shareholders and therefore said voting rights are exercised in accordance with the legal provisions in force.

Further to the articles of association, the directors shall be elected by the shareholders at a general meeting, which shall determine their number, remuneration and term of office. The term of the office of a director may not exceed six years and the directors shall hold office until their successors are elected. The directors may be re-elected for consecutive terms of office. The Company does not hold any quoted participations.

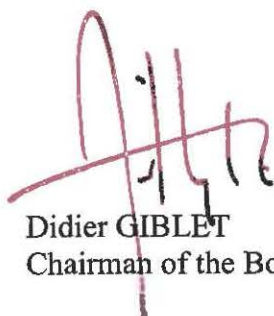
The Company may, to the extent and under the terms permitted by the Law, purchase its own shares; as of today the Company does not hold any own share. As in the articles of association there is no provision regarding authorized capital, the board of directors is not allowed to issue new shares.

There is no specific provision in the articles of association regarding the possibility of amending the articles of association and therefore the articles of association can be amended according to the legal provision set for in article 450-3 of the 1915 Law (as defined above).

There is no specific provision in the articles of association regarding the rights of controls of the shareholders and therefore the shareholders can exercise their rights of controls to the extent and within the limits provided by the relevant Luxembourg applicable legislation.

Based on Art. 52 of the Law of 23 July 2016 concerning the audit profession, the Company is classified as public-interest entity and required to establish an audit committee. In accordance with Art. 52 (5), the Company is exempted to have an audit committee.

Luxembourg, September 5, 2018



Didier GIBLET
Chairman of the Board of Directors

For the Board of Directors:



Luc HENRARD
Director

BNP Paribas Fortis Funding

Balance sheet as at June 30, 2018
(in EUR)

ASSETS	Notes	30.06.2018	31.12.2017
B. Formation expenses		160,988.48	179,995.61
C. Fixed assets		3,451,080,292.27	3,845,235,131.84
I. Intangible assets		62,205.00	73,905.00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		62,205.00	73,905.00
a) acquired for valuable consideration and need not be shown under C.I.3		62,205.00	73,905.00
II. Tangible assets		2,221.28	2,800.70
2. Plant and machinery		2,221.28	2,800.70
III. Financial assets		3,451,015,865.99	3,845,158,426.14
2. Loans to affiliated undertakings	3	933,749,523.36	1,641,796,894.10
5. Investments held as fixed assets	4	2,517,266,342.63	2,203,361,532.04
D. Current assets		39,054,202.45	49,088,461.14
II. Debtors		30,879,592.01	42,461,969.89
2. Amounts owed by affiliated undertakings	5	30,714,554.65	42,240,306.68
a) becoming due and payable within one year		30,714,554.65	42,240,306.68
4. Other debtors		165,037.36	221,663.21
a) becoming due and payable within one year		165,037.36	221,663.21
IV. Cash at bank and in hand		8,174,610.44	6,626,491.25
E. Prepayments	6	91,700,204.41	97,048,406.86
TOTAL (ASSETS)		3,581,995,687.61	3,991,551,995.45
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	7	4,320,172.40	4,494,998.60
I. Subscribed capital		500,000.00	500,000.00
II. Share premium account		1,500,000.00	1,500,000.00
IV. Reserves		730,418.75	819,393.75
1. Legal reserve		50,000.00	50,000.00
4. Other reserves, including the fair value reserve		680,418.75	769,393.75
b) other non available reserves		680,418.75	769,393.75
V. Profit or loss brought forward		1,214,579.84	1,204,608.08
VI. Profit or loss for the financial period/year		375,173.81	470,996.77
B. Provisions		130,273.29	173,281.03
2. Provisions for taxation		130,273.29	173,281.03
C. Creditors		3,478,501,694.77	3,835,894,518.71
1. Debenture loans	8	3,471,845,830.93	3,827,931,685.64
b) Non convertible loans		3,471,845,830.93	3,827,931,685.64
i) becoming due and payable within one year		516,340,411.72	572,204,465.24
ii) becoming due and payable after more than one year		2,955,505,419.21	3,255,727,220.40
6. Amounts owed to affiliated undertakings		4,125,854.37	5,388,912.64
a) becoming due and payable within one year		4,125,854.37	5,388,912.64
8. Other creditors	10	2,530,009.47	2,573,920.43
a) Tax authorities		25,041.81	37,980.78
c) Other creditors		2,504,967.66	2,535,939.65
i) becoming due and payable within one year		92,081.77	46,483.92
ii) becoming due and payable after more than one year		2,412,885.89	2,489,455.73
D. Deferred income	6	99,043,547.15	150,989,197.11
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		3,581,995,687.61	3,991,551,995.45

The accompanying notes form an integral part of this interim financial information.

BNP Paribas Fortis Funding

Profit and loss account
for the period from January 1 to June 30, 2018
(in EUR)

PROFIT AND LOSS ACCOUNT	Notes	30.06.2018	30.06.2017
5. Raw materials and consumables and other external expenses		-710,881.46	-747,579.88
b) Other external expenses		-710,881.46	-747,579.88
6. Staff costs	11	-71,065.83	-66,680.42
a) Wages and salaries		-48,777.11	-43,986.89
b) Social security costs		-22,288.72	-22,693.53
i) relating to pensions		-9,049.84	-9,104.61
ii) other social security costs		-13,238.88	-13,588.92
7. Value adjustments		-5,662,073.05	-5,385,864.34
a) in respect of formation expenses and of tangible and intangible fixed assets		-5,662,073.05	-5,385,864.34
10. Income from other investments and loans forming part of the fixed assets	12	26,945,166.10	34,667,051.10
a) derived from affiliated undertakings		26,945,166.10	34,667,051.10
11. Other interest receivable and similar income	13	167,513,551.32	154,422,065.19
a) derived from affiliated undertakings		27,938,619.50	42,939,045.97
b) other interest and similar income		139,574,931.82	111,483,019.22
13. Value adjustments in respect of financial assets and of investments held as current assets		-5,630,270.74	-6,981,831.81
14. Interest payable and similar expenses	14	-181,857,326.58	-175,990,769.94
a) concerning affiliated undertakings		-13,833,888.07	-14,720,349.90
b) other interest and similar expenses		-168,023,438.51	-161,270,420.04
15. Tax on profit or loss	16	-130,272.75	-
16. Profit or loss after taxation		396,827.01	-83,610.10
17. Other taxes not shown under items 1 to 16		-21,653.20	-22,478.00
18. Profit or loss for the financial period		375,173.81	-106,088.10

The accompanying notes form an integral part of this interim financial information.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018

1 General information

BNP Paribas Fortis Funding (the “Company”) was incorporated on September 24, 1986 in Luxembourg as a limited liability company (Société Anonyme) for an unlimited period under the name GENFINANCE LUXEMBOURG S.A., which was then changed to FORTIS LUXEMBOURG FINANCE S.A. on November 12, 2001 and to BNP Paribas Fortis Funding on February 22, 2010.

The registered office of the Company is established in Luxembourg. The Company’s financial year starts on January 1 and ends on December 31 each year.

The Company’s object is to provide any direct or indirect financing, by any means, to its subsidiaries, to BNP Paribas Fortis and to companies controlled by BNP Paribas Fortis S.A./NV and to provide to these companies any assistance, loans, advances or guarantees and/or any services for financial or administrative assistance linked to such assistance, loans, advances, guarantees, and services.

Loans are granted under the same conditions as for borrowings, setting aside an intermediation margin.

The Company may conduct any transaction that it deems necessary to accomplish and develop its object, remaining however within the limits allowed by the Law of August 10, 1915 on corporations (as amended, and in particular by the modernisation law dated August 10, 2016).

The Company is included in the consolidated accounts of BNP Paribas S.A. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of BNP Paribas S.A. are available at its registered office: 16, Boulevard des Italiens, 75009 Paris, France.

In addition, the Company is also included in the consolidated accounts of BNP Paribas Fortis forming the smallest body of undertakings included in the body of undertakings referred to in the above mentioned paragraph of which the Company forms part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of BNP Paribas Fortis are available at its registered office located at: 3, Montagne du Parc, B-1000 Brussels.

2 Significant accounting policies

The Company prepares its accounts in compliance with the legal requirements and generally accepted accounting principles in the Grand-Duchy of Luxembourg. The accounting principles and valuation criteria are defined and implemented by the Board of Directors, apart from those stipulated by the law. The Company applied the “Normalised accounting plan” for the purpose of this interim financial information.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

2.1 Tangible and intangible assets

Intangible and tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply. The amortisations are calculated on a straight-line basis over the estimated useful economic life.

2.2 Premiums on options

The Company may take hedge positions through options. Premiums on options are accounted for in deferred charges and income and are amortised prorata temporis over the life of the borrowings to which they are related.

2.3 Foreign currency translation

The subscribed capital of the Company is expressed in euros (EUR) and the annual accounts and the interim financial information are established in the same currency.

During the interim financial information, the transactions, income and expenses denominated in currencies other than the EUR were recorded using the exchange rate applicable on the transaction date.

At the closing date, the assets and debts expressed in currencies other than EUR are valued on the basis of the exchange rates applicable on that date. Unrealized gains and losses are booked as other financial income / charges in the profit and loss account due to the direct economic link between the transactions. Furthermore, where there is said economic link between two items within a transaction, accounted for in assets and liabilities respectively, and denominated in the same currency, the balance sheet entries are revalued at the closing exchange rate without impacting the profit and loss account.

2.4 Debtors

Debtors are valued at the lower of nominal or estimated net realisable value. A value adjustment is accounted for if, in the opinion of the Board of Directors, a permanent impairment in value has occurred, unless the loss is economically linked to an increase in the value of the loans.

2.5 Premiums on amounts receivable

Premiums on amounts receivable are amortised prorata temporis over the life of the receivable to which they are related.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

2.6 Prepayments

This asset item includes expenditures incurred during the interim financial information but relating to this subsequent interim financial information.

2.7 Deferred income

This liabilities item includes income received during the interim financial information year but relating to this subsequent interim financial information.

2.8 Creditors

Creditors are valued at the higher of nominal or repayment value.

2.9 Premiums on borrowings

Premiums on borrowings are accounted for in deferred charges and income, independently of borrowings to which they are associated and are amortised prorata temporis over the life of the borrowings to which they are related.

2.10 Investments held as fixed assets

Investments held as fixed assets are valued in the accounts at purchase price/nominal value including the expenses incidental thereto.

2.11 Presentation of the comparative interim financial information

The figures for the profit and loss account as at June 30, 2017 have been reclassified in order to comply with the requirements of the amended Law of December 19, 2002 and to ensure the comparability with the current interim financial information as follows:

- the amortization of upfront fees and the commissions were reclassified from “Other interest and similar income” to “Other interest receivable and similar income derived from affiliated undertakings”.

These are presentation considerations and had no impact on the financial position or performance of the Company.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

3 Loans to affiliated undertakings

No value adjustment has been made on financial assets, following the historical cost model.

The loan structure granted to BNP Paribas Fortis, the parent company, is as follows:

	30.06.2018	31.12.2017
	EUR	EUR
Amounts due within less than one year	428,630,053.20	572,738,411.19
Amounts due over 1 year		
1 to 5 years	430,712,724.20	987,665,430.08
5 years or more	<u>74,406,745.96</u>	<u>81,393,052.83</u>
	505,119,470.16	1,069,058,482.91
Total	<u>933,749,523.36</u>	<u>1,641,796,894.10</u>

During the year 2017, BNP Paribas Fortis Funding progressively replaced the loan structure granted to BNP Paribas Fortis by the purchase of bonds from its parent company (please refer to Note 4).

4 Investments held as fixed assets

The bonds purchased from BNP Paribas Fortis, the parent company, is as follows:

	30.06.2018	31.12.2017
	EUR	EUR
Amounts due within less than one year	87,257,755.95	44,990,000.00
Amounts due over 1 year		
1 to 5 years	1,124,226,310.83	918,500,625.30
5 years or more	<u>1,305,782,275.85</u>	<u>1,239,870,906.74</u>
	2,430,008,586.68	2,158,371,532.04
Total	<u>2,517,266,342.63</u>	<u>2,203,361,532.04</u>

During the year 2017, BNP Paribas Fortis Funding purchased bonds from BNP Paribas Fortis to progressively replace the loan structure granted to them until 2016 (please refer to Note 3).

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

5 Debtors – Amounts owed by affiliated undertakings becoming due and payable within one year

The item “Debtors – Amounts owed by affiliated undertakings becoming due and payable within one year” is as follows:

	30.06.2018	31.12.2017
	EUR	EUR
Interest receivable on loans	10,014,952.75	17,952,295.19
Interest receivable on derivatives	18,315,449.43	22,401,963.59
Interest receivables on bonds	2,384,152.47	1,886,047.90
Total	<u>30,714,554.65</u>	<u>42,240,306.68</u>

6 Prepayments and deferred income

These captions under assets or under liabilities in the balance sheet primarily include the option premiums paid and received, the commissions payable or receivable during the issuance of certain borrowings and the premiums connected to the issuance of certain borrowings, less accumulated amortisation over the expected useful life of the related borrowings. Also, this caption includes the revaluation of the foreign exchange derivative financial instruments at the closing foreign exchange rate.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

7 Capital and reserves

Subscribed capital

As at June 30, 2018, the issued and fully paid-up share capital of the Company amounts to EUR 500,000.00 consisting of 20,000 registered shares each having a nominal value of EUR 25.00.

The movements for the period ended June 30, 2018 are as follows:

	Share premium account EUR	Legal reserve EUR	Other reserves EUR	Profit brought forward EUR
Balance as at December 31, 2017	1,500,000.00	50,000.00	769,393.75	1,204,608.08
Profit for year ended 2017	-	-	-	470,996.77
Transfer of the 2012 special reserve to profit brought forward	-	-	(201,325.00)	201,325.00
Allocation to the special reserve related to the net wealth tax 2018	-	-	112,350.00	(112,350.00)
Dividends	-	-	-	(550,000.00)
Balance as at June 30, 2018	<u>1,500,000.00</u>	<u>50,000.00</u>	<u>680,418.75</u>	<u>1,214,579.85</u>

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Other reserves

In order to take advantage of the provisions of paragraph 8a of the Net Wealth Tax Law, the Company has elected to get a tax credit for all or part of the net worth tax due for that year. This tax credit is, however, limited to the amount of the corporate income tax due for the same year before any tax credit. In order to benefit from this provision, the Company commits itself to post to a special reserve (classified in the annual accounts under the caption “Other reserves”) before the end of the financial year an amount equal to five times the net worth tax to be credited, which has to be maintained for a period of five years.

This reserve is non-distributable during the period of five years from the year following that during which the Net Wealth Tax was reduced.

Share premium account

An extraordinary meeting was held on February 28, 2017 relating to the contribution from retained earnings to the share premium account for EUR 1,500,000.00 with effect as of February 28, 2017.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

8 Debenture loans

Amounts due and payable for the accounts shown under “Debenture loans” are as follows:

Non convertible loans	30.06.2018	31.12.2017
	EUR	EUR
Within one year	516,340,411.72	572,204,465.24
After one year and within five years	1,567,754,760.34	1,925,056,152.79
After more than five years	1,387,750,658.87	1,330,671,067.61
	<u>3,471,845,830.93</u>	<u>3,827,931,685.64</u>

This item also includes the accrued interest payable as at June 30, 2018 that amounts to EUR 28,595,459.80 (EUR 37,857,995.45 as at December 31, 2017).

9 Amounts owed to affiliated undertakings

	30.06.2018	31.12.2017
	EUR	EUR
Interest payable on derivatives	3,508,758.92	4,038,612.80
Upfront fees	617,095.45	1,350,299.84
Total	<u>4,125,854.37</u>	<u>5,388,912.64</u>

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

10 Other creditors

The item "Other creditors" is as follows:

	30.06.2018	31.12.2017
	EUR	EUR
V.A.T. payable	25,041.81	37,980.78
Fees payable	92,081.77	46,483.92
Other debts payable	2,412,885.89	2,489,455.73
Total	<u>2,530,009.47</u>	<u>2,573,920.43</u>

11 Staff costs

For the period ended June 30, 2018, the Company employed 5 persons on a part time basis (June 30, 2017: 5 persons on a part time basis).

12 Income from other investments and loans forming part of the fixed assets

The above caption is composed of the following items:

	30.06.2018	30.06.2017
	EUR	EUR
Interest on loans	19,002,835.50	34,667,051.10
Interest on bonds	7,942,330.60	-
	<u>26,945,166.10</u>	<u>34,667,051.10</u>

Income from above caption with affiliated undertakings amount to EUR 26,945,166.10 as at June 30, 2018 (2017: EUR 34,667,051.10).

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

13 Other interest receivable and similar income

Other interest receivable and similar income are composed of the following items:

	30.06.2018	30.06.2017
	EUR	EUR
Interest on commercial papers and derivatives	29,694,061.55	36,927,072.23
Amortisation of premiums on borrowings	5,614,266.34	5,316,517.53
Amortisation of break up fees on loans and premium under/par on bonds	4,447,344.66	-
Upfront fees received	742,221.75	1,053,397.00
Gain on foreign exchange securities*	129,181,919.93	105,051,023.81
Commissions	502,336.20	420,313.82
Gains on derivatives (realised)	-	4,538,262.92
Gains on securities (realised)	63,085.00	1,115,477.88
Other	268,315.89	-
	<u>170,513,551.32</u>	<u>154,422,065.19</u>

The item "Other" above, was essentially made of the amortization of some issuances for which the prescription elapsed and for which the cash balance not claimed (within the legally described time frame) by the investors are reimbursed to the Company by the paying agent.

Other interest receivable and similar income from affiliated undertakings amount to EUR 27,938,619.50 as at June 30, 2018 (2017: EUR 42,939,045.97).

14 Interest payable and similar expenses

Interest payable and similar expenses are composed of the following items:

	30.06.2018	30.06.2017
	EUR	EUR
Interest on borrowings, commercial papers, interest rate swaps, equity options, equity swaps	-52,669,968.37	-70,935,224.67
Loss on foreign exchange on securities*	-129,187,358.21	-105,055,545.27
	<u>-181,857,326.58</u>	<u>-175,990,769.94</u>

* The gain on foreign exchange securities presented in note 13 is mainly unrealised and is matched by the loss on foreign exchange on securities presented in note 14.

Interest payable and similar expenses with affiliated undertakings amount to EUR -13,833,888.07 as at June 30, 2018 (2017: EUR -14,720,349.90).

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

15 Advances and loans granted to the members of the management and supervisory bodies

The Company has not granted any advances or loans to members of administrative or supervisory bodies as at and during the period ended June 30, 2018.

16 Tax position

The Company is subject to Luxembourg tax laws.

17 Derivative financial instruments

The Company uses various derivative instruments contracted with BNP Paribas Fortis S.A./NVs and BNP Paribas Arbitrage S.N.C. for hedging purposes as part of its bond issuing and financing activities to hedge against potential market, foreign exchange or interest rate risk.

The nominal of these derivatives financial instruments are as follows:

	30.06.2018	30.06.2017
	Nominal	Nominal
	EUR	EUR
Interest Rate Swap	1,080,116,401.72	1,112,400,046.57
Equity Swap	1,600,349,159.97	1,605,240,242.86
Cross Currency Interest Rate Swap	132,883,256.79	262,082,154.40

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2018
(continued)

18 Related parties transactions

During the first semester 2018, the following significant transactions entered into with related parties:

	BNP Paribas Fortis S.A./NV (BNPPF) EUR	Other companies of the group BNP Paribas EUR
Assets		
Loans to affiliated undertakings	933,749,523.36	-
Investments held as fixed assets	2,517,266,342.63	-
Amounts owed by affiliated undertakings becoming due and payable within one year	28,813,941.27	1,900,613.38
Cash at bank and in hand	-	8,174,610.44
	3,479,829,807.26	10,075,223.82
Liabilities		
Non convertible loans*	38,761,615.65	60,695,207.66
Amounts owed to affiliated undertakings become due and payable within one year	3,457,286.52	668,567.85
	42,218,902.17	61,363,775.51
Charges		
Value adjustments in respect of financial assets and of investments held as current assets	-715,722.30	-63,085.00
Interest payable and similar expenses**	-9,788,722.64	-4,937,019.46
	-10,504,444.94	-5,000,104.46
Income		
Income from other investments and loans forming part of the fixed assets	26,945,166.10	-
Other interest receivable and similar income	18,018,255.99	9,920,363.51
	44,963,422.09	9,920,363.51

* These amounts are a result of acquisitions of bonds by the respective related parties on behalf of third parties (investors) for a short period of time.

** From which EUR -115,899.55 are a result of acquisitions of bonds by BNP Paribas Fortis on behalf of third parties (investors) for a short period of time and EUR -775,964.48 are a result of acquisitions of bonds by other companies of the group.

19 Auditor's fees

The total auditor's fees, V.A.T. included, are presented as follows:

	30.06.2018 EUR	30.06.2017 EUR
Audit fees	32,900.28	32,237.15
Audit related fees	6,326.22	6,198.66
Other fees	34,371.87	33,197.58
Total	73,598.37	71,633.39