



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, 2017 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 REVISEUR D'ENTREPRISES AGREE ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim financial information of BNP Paribas Fortis Funding S.A., which comprises the balance sheet as at June 30, 2017 and the profit and loss account for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. 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 relating to the preparation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of 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". 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, 2017, 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*



Olivier Lefèvre, Réviseur d'entreprises agréé
Partner

Luxembourg, September 19, 2017

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, 2017.

As at June 30, 2017, the total balance sheet amounts to EUR 4,100,621,289.72 compared to EUR 4,662,647,188.60 as at December 31, 2016.

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, 2017	December 31, 2016
Subordinated notes	246,174,954.04	448,763,717.49
Fixed interest rates notes	1,287,065,069.85	1,393,012,977.69
Floating rates notes	183,924,717.85	290,231,175.25
Variable coupon notes	1,739,596,710.41	1,866,286,713.91
Variable redemption notes Credit Linked	0.00	5,734,000.00
Variable redemption notes Index Linked	445,835,385.88	321,424,335.29
Variable redemption notes Other	32,226,873.85	37,648,109.36
Commercial Papers	0.00	97,371,080.25
TOTAL	3,934,823,711.88	4,460,472,109.24

The amounts presented above represent the nominal of the issuances, to which accrued interest payable amounting to EUR 40,404,345.42 are added (December 31, 2016: EUR 51,383,341.18).

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During the first semester 2017, the Company issued several securities and faced several redemptions and reductions (buy-backs and call notes) as follows (excluding the commercial papers issued):

Type of product	Issues			Redemptions/Reductions			Foreign exchange by category	Total
	Number	Ccy	In Euro	Number	Ccy	In Euro	In Euro	In Euro
Subordinated notes				4	EUR	-200,000,000.00		
Total				4		-200,000,000.00	-2,588,763.45	-202,588,763.45
Fixed interest rate notes				1	EUR	-36,079,567.00		
				1	NOK	-13,000,234.40		
				1	USD	-13,992,374.16		
Total				3		-63,072,175.56	-42,875,732.28	-105,947,907.84
Floating rate notes				1	AUD	-11,427,677.08		
	5	EUR	93,504,000.00	3	EUR	-58,640,000.00		
				1	NOK	-124,312,227.23		
Total	5		93,504,000.00	5		-194,379,904.31	-5,430,553.09	-106,306,457.40
Variable coupon notes				11	EUR	-124,127,000.00		
	4	USD	16,232,163.18		USD	-4,650,687.18		
Total	4		16,232,163.18	11		-128,777,687.18	-14,144,479.50	-126,690,003.50
Credit linked notes				2	EUR	-5,734,000.00		
				2		-5,734,000.00		-5,734,000.00
Index linked notes	14	EUR	158,690,000.00	12	EUR	-32,481,000.00		
Total	14		158,690,000.00	12		-32,481,000.00	-1,797,949.41	124,411,050.59
Other					EUR	-516,000.00		
					USD	-3,077,677.94		
Total						-3,593,677.94	-1,827,557.57	-5,421,235.51
TOTAL GENERAL	23		268,426,163.18	37		-628,038,444.99	-68,665,035.30	-428,277,317.11

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As at June 30, 2017, the Company shows a loss amounting to EUR -106,088.10 compared to a profit amounting to EUR 112,567.78 for the first semester 2016 which is summarized as below:

In EUR	June 30, 2017	June 30, 2016
Interests margin	658,898.66	906,827.49
Exchange result	-4,521.46	-7.28
Amortization fees 1) +2) +3) +4)	-20,584.43	-95,020.18
Taxes	-22,478	-70,827.76
Other operating expenses °	-6,791,457.49	-3,746,990.34
Other operating income °	6,074,054.62	3,118,585.85
Total	-106,088.10	112,567.78

° variation of other expenses and income between the first semester 2017 and the first semester 2016 is mainly due to higher gains on derivatives and losses on matured bonds in the first semester 2017 than in the first semester 2016 (gains on derivatives are compensated by losses on matured bonds)

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

- 1) Decrease of the global option premium received and paid amounting to EUR -1,016,768.24 for the period ended June 30, 2017 (2016: EUR -1,810,698.72) as follows (*):

In EUR	June 30, 2017	June 30, 2016
Amortization premium paid	-1,016,768.24	-1,810,698.72
Total	-1,016,768.24	-1,810,698.72

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

- 2) Decrease of the expenses relating to bond issuances amounting to EUR -5,373,730.72 for the period ended June 30, 2017 (2016: EUR -6,948,247.06), which is as follows (**):

In EUR	June 30, 2017	June 30, 2016
Amortization of expenses related to bond issues	-39,937.39	-70,169.49
Amortization of syndication commissions	-5,333,793.33	-6,878,077.57
Total	-5,373,730.72	-6,948,247.06

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

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- 3) Decrease of the net amortization of the upfront fees received and paid amounting to EUR 1,053,397.00 for the period ended June 30, 2017 (2016: EUR 1,852,230.24), which is as follows (*):

In EUR	June 30, 2017	June 30, 2016
Amortization of upfront fees paid	0.00	-7,851.00
Amortization of upfront fees received	1,053,397.00	1,860,081.24
Total	1,053,397.00	1,852,230.24

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.

- 4) Decrease of the amortization of the premiums received on borrowings amounting to EUR 5,316,517.53 for the period ended June 30, 2017 (2016: EUR 6,811,695.36), which is as follows (**):

In EUR	June 30, 2017	June 30, 2016
Amortization of premium received on borrowings	5,316,517.53	6,811,695.36
Total	5,316,517.53	6,811,695.36

- 5) Decrease of the interest margin amounting to EUR 906,827.49 as at June 30, 2016 against EUR 658,898.66 as at June 30, 2017; this variation is mainly due to maturity of old issuances with a 13.5bp margin which are replaced by issues with a 3bp margin and to a decrease of the stock of issuances/loans.
- 6) Decrease of the taxes amounting to EUR -70,827.76 as at June 30, 2016 against EUR -22,478 as at June 30, 2017.

* 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 pays 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).

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- 7) Increase of other operating expenses compared to the evolution of the other operating income amounting to:
EUR -628,404.49 as at June 30, 2016 against EUR -717,402.87 as at June 30, 2017; this variation is mainly related to the fact that prescriptions reimbursed as at June 30, 2016 were booked in profit and loss accounts (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) whereas from end of year 2016, there are booked in the balance sheet.

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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 S.A./NV (hereafter “**BNPPF**”).

Before deciding on the issuance of any debt securities, each Director has to comply with the paragraphs 1 and 2 of Article 57 of the Luxembourg Law on commercial companies dated August 10, 1915 (as amended, and in particular by the modernisation law dated August 10, 2016) that are copied below:

“Any director having a 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 resolution is put to vote, a special report shall be made on any transaction 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 9, 2017 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.

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The Company also acts as issuer (with BNPPF as guarantor) under the base prospectus dated June 9, 2017 (as supplemented) in respect of the issuance of unsubordinated notes under the note, warrant and certificate programme of BNP Paribas 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 BNPPF or BNP Paribas Arbitrage S.N.C. its exposures to various types of risks by

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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 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 BNPPF (as hedging counterpart and as borrower under the loans granted 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 BNPPF. BNPPF 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, BNPPF’s 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, BNPPF 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 BNPPF 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, 2017 of BNP Paribas Fortis Funding on September 8, 2017 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, 2017 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, 2017.

Strategy related to BNP Paribas Fortis Funding

The issuances that the Company is proposing, via distributors, 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 BNPPF.

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 BNPPF. 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 BNPPF, 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 4.1 billion, is an element of diversification in the funding mix of BNPPF. It is a stable element as the demand for this type of investments by the investors has proved to be constant over time.

We also take into consideration that, for the structured notes, the use of the Company 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.

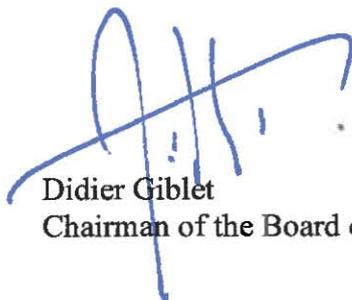
The Company may, to the extent and under the terms permitted by the Law, purchase its own shares; as of today the Company does not hold any own share. As in the articles of association there is no provision regarding authorized capital, the board of directors is not allowed to issue new shares.

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 67-1 of the Luxembourg Law on commercial companies dated August 10, 1915 (as amended, and in particular by the modernisation law dated August 10, 2016).

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.

Luxembourg, September 8, 2017

For the Board of Directors:



Didier Giblet
Chairman of the Board of Directors



Harald THUL
Director

BNP Paribas Fortis Funding

Balance sheet as at June 30, 2017
(in EUR)

ASSETS	Notes	30.06.2017	31.12.2016
B. Formation expenses		188,870.90	203,089.63
C. Fixed assets		3,987,803,841.86	4,426,511,659.75
I. Intangible assets		73,710.00	84,240.00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		73,710.00	84,240.00
a) acquired for valuable consideration and need not be shown under C.I.3		73,710.00	84,240.00
II. Tangible assets		3,721.67	5,325.29
2. Plant and machinery		3,721.67	5,325.29
III. Financial assets		3,987,726,410.19	4,426,422,094.46
2. Loans to affiliated undertakings	3	3,764,414,557.87	4,426,422,094.46
5. Investments held as fixed assets	4	223,311,852.32	0.00
D. Current assets		51,217,660.83	160,828,040.11
II. Debtors		44,610,511.16	153,868,092.56
2. Amounts owed by affiliated undertakings	5	44,388,515.14	153,507,240.70
a) becoming due and payable within one year		44,388,515.14	153,507,240.70
4. Other debtors		221,996.02	360,851.86
a) becoming due and payable within one year		221,996.02	360,851.86
IV. Cash at bank and in hand		6,607,149.67	6,959,947.55
E. Prepayments	6	61,410,916.13	75,104,399.11
TOTAL (ASSETS)		4,100,621,289.72	4,662,647,188.60
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	7	3,917,913.73	4,224,001.83
I. Subscribed capital		500,000.00	500,000.00
II. Share premium account		1,500,000.00	0.00
IV. Reserves		819,393.75	884,159.75
1. Legal reserve		50,000.00	50,000.00
4. Other reserves, including the fair value reserve		769,393.75	834,159.75
b) other non available reserves		769,393.75	834,159.75
V. Profit or loss brought forward		1,204,608.08	2,704,304.77
VI. Profit or loss for the financial period/year		-106,088.10	135,537.31
B. Provisions		0.00	54,278.06
2. Provisions for taxation		0.00	54,278.06
C. Creditors		3,982,127,034.54	4,519,386,114.54
1. Debenture loans	8	3,975,228,057.30	4,414,219,740.30
b) Non convertible loans		3,975,228,057.30	4,414,219,740.30
i) becoming due and payable within one year		432,587,905.25	752,685,671.21
ii) becoming due and payable after more than one year		3,542,640,152.05	3,661,534,069.09
6. Amounts owed to affiliated undertakings	9	3,713,521.19	4,386,577.73
a) becoming due and payable within one year		3,713,521.19	4,386,577.73
8. Other creditors	10	3,185,456.05	100,779,796.51
a) Tax authorities		2,550.00	37,339.47
c) Other creditors		3,182,906.05	100,742,457.04
i) becoming due and payable within one year		173,496.53	97,742,254.52
ii) becoming due and payable after more than one year		3,009,409.52	3,000,202.52
D. Deferred income	6	114,576,341.45	138,982,794.17
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		4,100,621,289.72	4,662,647,188.60

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, 2017
(in EUR)

PROFIT AND LOSS ACCOUNT	Notes	30.06.17	30.06.16
5. Raw materials and consumables and other external expenses		-747,579.88	-925,127.78
b) Other external expenses		-747,579.88	-925,127.78
6. Staff costs	11	-66,680.42	-63,930.91
a) Wages and salaries		-43,986.89	-41,363.80
b) Social security costs		-22,693.53	-22,567.11
i) relating to pensions		-9,104.61	-8,978.19
ii) other social security costs		-13,588.92	-13,588.92
7. Value adjustments		-5,385,864.34	-6,955,548.97
a) in respect of formation expenses and of tangible and intangible fixed assets		-5,385,864.34	-6,955,548.97
10. Income from other investments and loans forming part of the fixed assets	12	34,667,051.10	49,010,582.50
a) derived from affiliated undertakings		34,667,051.10	49,010,582.50
11. Other interest receivable and similar income	13	154,422,065.19	197,516,874.59
a) derived from affiliated undertakings		41,465,335.15	43,645,965.36
b) other interest and similar income		112,956,730.04	153,870,909.23
13. Value adjustments in respect of financial assets and of investments held as current assets		-6,981,831.81	-4,569,179.46
14. Interest payable and similar expenses	14	-175,990,769.94	-233,830,274.43
a) concerning affiliated undertakings		-14,720,349.90	-20,237,154.45
b) other interest and similar expenses		-161,270,420.04	-213,593,119.98
15. Tax on profit or loss	16	0.00	-46,097.70
16. Profit or loss after taxation		-83,610.10	137,297.84
17. Other taxes not shown under items 1 to 16		-22,478.00	-24,730.06
18. Profit or loss for the financial period		-106,088.10	112,567.78

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, 2017

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, 2017
(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, 2017
(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.

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(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:

	30.06.2017 EUR	31.12.2016 EUR
Amounts due within less than one year	476,527,951.40	749,749,573.16
Amounts due over 1 year		
1 to 5 years	2,055,616,189.35	2,298,381,625.66
5 years or more	<u>1,232,270,417.12</u>	<u>1,378,290,895.64</u>
	3,287,886,606.47	3,676,672,521.30
Total	<u><u>3,764,414,557.87</u></u>	<u><u>4,426,422,094.46</u></u>

4 Investments held as fixed assets

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

	30.06.2017 EUR	31.12.2016 EUR
Amounts due over 1 year		
5 years or more	<u>223,311,852.32</u>	<u>0.00</u>
	223,311,852.32	0,00
Total	<u><u>223,311,852.32</u></u>	<u><u>0.00</u></u>

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(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:

	30.06.2017	31.12.2016
	EUR	EUR
Commercial papers	0.00	97,371,080.26
Interests receivable on commercial papers	0.00	278,372.91
Interests receivable on loans	21,553,124.02	30,621,534.02
Interests receivable on derivatives	22,690,301.33	25,236,253.51
Interests receivables on bonds	145,089.78	0.00
Total	<u>44,388,515.14</u>	<u>153,507,240.70</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, 2017
(continued)

7 Capital and reserves

Subscribed capital

As at June 30, 2017, 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, 2017 are as follows:

	Share premium account	Legal reserve	Other reserves	Profit brought forward
	EUR	EUR	EUR	EUR
Balance as at December 31, 2016	-	50,000.00	834,159.75	2,704,304.77
Profit for year ended 2016	-	-	-	135,537.31
Transfer of the 2011 special reserve to profit brought forward	-	-	-185,366.00	185,366.00
Allocation to the special reserve related to the net worth tax 2017	-	-	105,600.00	-105,600.00
Complement to the special reserve related to the net worth tax 2016	-	-	15,000.00	-15,000.00
Contribution from retained earnings to the share premium account	1,500,000.00	-	-	-1,500,000.00
Dividends paid	-	-	-	-200,000.00
Balance as at June 30, 2017	<u>1,500,000.00</u>	<u>50,000.00</u>	<u>769,393.75</u>	<u>1,204,608.08</u>

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(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, 2017
(continued)

8 Debenture loans

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

Non convertible loans	30.06.2017	31.12.2016
	EUR	EUR
Within one year	432,587,905.25	752,685,671.21
After one year and within five years	2,071,110,822.48	2,260,444,730.99
After more than five years	1,471,529,329.57	1,401,089,338.10
	<u>3,975,228,057.30</u>	<u>4,414,219,740.30</u>

This item also includes the accrued interest payable as at June 30, 2017 that amounts to EUR 40,404,435.42 (EUR 51,118,711.30 as at December 31, 2016).

9 Amounts owed to affiliated undertakings

	30.06.2017	31.12.2016
	EUR	EUR
Interests payable on derivatives	3,713,521.19	4,386,577.73
Total	<u>3,713,521.19</u>	<u>4,386,577.73</u>

As at December 31, 2016, the interest payable on derivatives were reclassified from “Other creditors” to “Amounts owed to affiliated undertakings”.

10 Other creditors

The item “Other creditors” is as follows:

	30.06.2017	31.12.2016
	EUR	EUR
VAT. payable	2,550.00	37,339.47
Commercial papers	0.00	97,371,080.25
Interests payable on commercial papers	0.00	264,629.88
Fees payable	173,496.53	106,544.39
Other debts payable	3,009,409.52	3,000,202.52
Total	<u>3,185,456.05</u>	<u>100,779,796.51</u>

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(continued)

11 Staff costs

For the period ended June 30, 2017, the Company employed 5 persons on a part time basis (June 30, 2016: 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:

	30.06.2017	30.06.2016
	EUR	EUR
Interests on loans	34,667,051.10	49,010,582.50
	<u>34,667,051.10</u>	<u>49,010,582.50</u>

Income from above caption with affiliated undertakings amount to EUR 34,667,051.10 as at June 30, 2017 (2016: EUR 49,010,582.50).

13 Other interest receivable and similar income

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

	30.06.2017	30.06.2016
	EUR	EUR
Interest on commercial papers and derivatives	36,927,072.23	41,596,238.68
Amortisation of premiums on borrowings	5,316,517.53	6,811,695.36
Upfront fees received	1,053,397.00	1,860,081.24
Gain on foreign exchange securities*	105,051,023.81	144,130,273.46
Commissions	420,313.82	762,503.06
Gains on derivatives (realised)	4,538,262.92	2,049,726.68
Gains on securities (realised)	1,115,477.88	201,970.62
Other	0.00	104,385.49
	<u>154,422,065.19</u>	<u>197,516,874.59</u>

The item "Other" above, was essentially made 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 42,939,045.97 as at June 30, 2017 (2016: EUR 46,268,549.66).

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(continued)

14 Interest payable and similar expenses

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

	30.06.2017	30.06.2016
	EUR	EUR
Interest on borrowings, commercial papers, interest rate swaps, equity options, equity swaps	-70,935,224.67	-89,699,993.69
Loss on foreign exchange on securities*	-105,055,545.27	-144,130,280.74
	<u>-175,990,769.94</u>	<u>-233,830,274.43</u>

* The gain on foreign exchange securities presented in note 13 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 16,230,674.50 as at June 30, 2017 (2016: EUR 21,775,446.47).

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, 2017.

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:

	30.06.2017	30.06.2016
	Nominal	Nominal
	EUR	EUR
Interest Rate Swap	1,140,503,046.57	1,409,882,415.53
Equity Swap	1,660,029,096.40	1,663,125,761.91
Cross Currency Interest Rate Swap	262,082,154.40	449,102,523.03

BNP Paribas Fortis Funding

Notes to the interim financial information for the six-month period ended
June 30, 2017
(continued)

18 Related parties transactions

During the first semester 2017, 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	3,764,414,557.87	0.00
Investments held as fixed assets	223,311,852.32	0.00
Amounts owed by affiliated undertakings becoming due and payable within one year	41,742,227.24	2,646,287.90
Cash at bank and in hand	0.00	6,607,149.67
Prepayments	2,238,061.12	0.00
	4,031,706,698.55	9,253,437.57
Liabilities		
Non convertible loans*	33,569,791.28	69,505,402.24
Amounts owed by affiliated undertakings become due and payable within one year	2,861,182.05	852,339.14
Deferred income	2,338,211.19	32,854.25
	38,769,184.52	70,390,595.63
Charges		
Value adjustments in respect of financial assets and of investments held as current assets	-1,016,768.24	-1,055,359.14
Interest payable and similar expenses**	-11,944,409.69	-4,286,264.81
	-12,961,177.93	-5,341,623.95
Income		
Income from other investments and loans forming part of the fixed assets	34,667,051.10	0.00
Other interest receivable and similar income***	20,925,418.41	22,013,627.56
	55,592,469.51	22,013,627.56

* 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 -926,677.03 are a result of acquisitions of bonds by BNPPF on behalf of third parties (investors) for a short period of time and EUR -583,647.57 are a result of acquisitions of bonds by other companies of the group.

*** From which EUR 1,473,710.82 representing upfront fees and commissions for buybacks received from BNPPF.

19 Auditor's fees

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

	30.06.2017 EUR	30.06.2016 EUR
Audit fees	32,237.15	32,073.07
Audit related fees	6,198.66	6,167.40
Other fees	33,197.58	37,108.56
Total	71,633.39	75,349.03