



R.C.S. Luxembourg: B 24 784

19, rue Eugène Ruppert
L- 2453 Luxembourg

Audited annual accounts
for the year ended
31 December 2014 and
report of the
réviseur d'entreprises agréé



BNP PARIBAS FORTIS FUNDING

BNP Paribas Fortis Funding

Public limited company

Registered office: L-2453 Luxembourg, 19 rue Eugène Ruppert

R.C.S. Luxembourg B 24 784

(hereinafter referred to as the « Company »)

Report from the Board of Directors

Dear Sirs,

We are pleased to submit to you for approval, the annual accounts for the financial year ended December 31, 2014.

As at December 31, 2014, the total balance sheet amounts to EUR 5,977,141,866 compared to EUR 5,501,021,541 as at December 31, 2013.

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:

| | December 31, 2014 | December 31, 2013 |
|--|----------------------|----------------------|
| Subordinated notes | 1,203,274,790 | 1,622,709,431 |
| Fixed interest rates notes | 1,821,194,645 | 1,627,916,361 |
| Floating rates notes | 381,673,529 | 452,078,716 |
| Variable coupon notes | 1,544,656,372 | 1,055,268,790 |
| Variable redemption notes Credit Linked | 17,234,000 | 17,234,000 |
| Variable redemption notes Index Linked | 258,209,130 | 252,556,815 |
| Variable redemption notes Other | 81,238,513 | 62,018,398 |
| Zero coupon notes | 4,335,396 | 5,273,038 |
| Commercial Papers | 315,716,869 | 133,629,488 |
| TOTAL | 5,627,533,244 | 5,228,685,037 |

The amounts presented above represent the nominal of the issuances, to which accrued interest payable amounting to EUR 88,795,558 are added (December 31, 2013: EUR 89,985,409).

During the year 2014, the Company issued several securities and faced several redemptions and buy-back 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 | 0 | | 0 | 5 | EUR | -423 000 000 | | |
| Total | 0 | | 0 | 5 | | -423 000 000 | 3 565 359 | -419 434 641 |
| Fixed interest rate notes | 3 | AUD | 26 642 339 | 3 | TRY | -53 290 265 | | |
| | 3 | EUR | 57 490 463 | | | | | |
| | 1 | PLN | 7 003 897 | | | | | |
| | 1 | NOK | 6 065 443 | | | | | |
| | 7 | NZD | 112 706 580 | | | | | |
| | 2 | TRY | 7 975 937 | | | | | |
| | 2 | USD | 51 260 226 | | | | | |
| Total | 19 | | 269 144 885 | 3 | | -53 290 265 | -22 576 335 | 193 278 285 |
| Floating rate notes | 0 | | 0 | 2 | EUR | -65 628 000 | | |
| | | | | 1 | USD | -7 134 527 | | |
| Total | 0 | | 0 | 3 | | -72 762 527 | 2 357 340 | -70 405 187 |
| Variable coupon notes | 27 | EUR | 511 451 000 | 3 | EUR | -112 632 500 | | |
| | 11 | USD | 89 959 507 | 0 | USD | -2 333 251 | | |
| Total | 38 | | 601 410 507 | 3 | | -114 965 751 | 2 942 826 | 489 387 582 |
| Credit linked notes | 0 | | 0 | 0 | EUR | 0 | 0 | 0 |
| Total | 0 | | 0 | 0 | | 0 | 0 | 0 |
| Index linked notes | 9 | EUR | 73 430 000 | 9 | EUR | -67 773 000 | | |
| | 1 | USD | 4 131 890 | | USD | -6 442 972 | | |
| Total | 10 | | 77 561 890 | 9 | | -74 215 972 | 2 306 396 | 5 652 314 |
| Reversible convertible notes | 0 | | 0 | 0 | | 0 | | |
| Total | 0 | | 0 | 0 | | 0 | 0 | 0 |
| Zero-coupon notes | 0 | EUR | 62 358 | 0 | EUR | -1 000 000 | 0 | 0 |
| Total | 0 | | 62 358 | 0 | | -1 000 000 | 0 | -937 642 |
| Other | 5 | USD | 31 087 513 | 1 | EUR | -6 658 000 | | |
| | | | | 1 | JPY | -7 677 000 | | |
| Total | 5 | | 31 087 513 | 2 | | -14 335 000 | 2 467 602 | 19 220 115 |
| TOTAL GENERAL | 72 | | 979 267 153 | 25 | | -753 569 515 | -8 936 812 | 216 760 826 |

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As at December 31, 2014, the Company shows a profit amounting to EUR 844,457 compared to a profit amounting to EUR 1,109,807 for the year 2013 which is summarized as below:

| In EUR | December 31, 2014 | December 31, 2013 |
|----------------------------------|-------------------|-------------------|
| Interests margin | 2,579,288 | 2,808,219 |
| Exchange result | -6,597 | -10,894 |
| Amortization fees 1) +2) +3) +4) | -287,638 | -299,934 |
| Taxes | -389,203 | -490,402 |
| Other operating expenses ° | -9,633,401 | -28,014,518 |
| Other operating income ° | 8,582,008 | 27,117,336 |
| Total | 844,457 | 1,109,807 |

° variation of expenses and income between 2014 and 2013 is mainly due to higher gains and losses on matured/buy backs bonds in 2013 than in 2014.

The decrease is mainly explained by the following elements:

- 1) Decrease of the global option premium received and paid amounting to EUR -6,431,497 for the year ended December 31, 2014 (2013: EUR -9,784,038) as follows (*):

| In EUR | December 31, 2014 | December 31, 2013 |
|---|-------------------|-------------------|
| Amortization premium paid | -6,817,852 | -10,970,211 |
| Amortization premium received | 0 | 0 |
| Amortization premium equity swap received | 386,355 | 1,186,173 |
| Total | -6,431,497 | -9,784,038 |

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

- 2) Increase of the expenses relating to bond issuances amounting to EUR -12,901,336 for the year ended December 31, 2014 (2013: EUR -12,465,793), which is as follows (**):

| | December 31, 2014 | December 31, 2013 |
|---|--------------------|--------------------|
| Amortization of expenses related to bond issues | -172,123 | -200,541 |
| Amortization of syndication commissions | -12,342,858 | -11,020,332 |
| Subtotal | -12,514,981 | -11,220,873 |
| Amortization of disagio | -386,355 | -1,244,920 |
| Total | -12,901,336 | -12,465,793 |

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 7,179,793 for the year ended December 31, 2014 (2013: EUR 11,398,645), which is as follows (*):

| | December 31, 2014 | December 31, 2013 |
|---------------------------------------|-------------------|-------------------|
| Amortization of upfront fees paid | -18,730 | -80,395 |
| Amortization of upfront fees received | 7,198,523 | 11,479,040 |
| Total | 7,179,793 | 11,398,645 |

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) Increase of the amortization of the premiums received on borrowings amounting to EUR 11,865,402 for the year ended December 31, 2014 (2013: EUR 10,551,252), which is as follows (**):

| | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Amortization of premium received on borrowings | 11,865,402 | 10,551,252 |
| Total | 11,865,402 | 10,551,252 |

- Decrease of the interest margin amounting to EUR 2,808,219 as at December 31, 2013 against EUR 2,579,288 as at December 31, 2014; this variation is mainly due to maturity of old issuances with a 13.5bp margin which are replaced by issues with a 3bp margin.
- Decrease of the taxes amounting to EUR -490,402 as at December 31, 2013 against EUR -389,203 as at December 31, 2014.
- Increase of the netting between other operating expenses and income amounting to EUR -897,182 as at December 31, 2013 against EUR -1,051,393 as at December 31, 2014; this variation is mainly related to less prescriptions reimbursed as at December 31, 2014 (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).

* 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. Points 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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The Board of Directors decides to propose to the Shareholders' General Meeting the following allocation:

| | Legal reserve EUR | Other reserve* EUR | Profit brought forward EUR |
|--|----------------------------------|-----------------------------------|---|
| Balance as at December 31, 2014 | 50,000 | 2,619,815 | 2,676,895 |
| Profit for year ended 2014 | - | - | 844,457 |
| Transfer of the 2009 special reserve to profit brought forward | - | (1,106,080) | 1,106,080 |
| Allocation to the special reserve related to the net worth tax | - | 160,100 | (160,100) |
| Dividends | - | - | (1,780,000) |
| Balance after allocation | 50,000 | 1,673,835 | 2,687,332 |

The profit for the year amounts to EUR 844,457.

Following the release of an amount of EUR 1,106,080 from the reserve 2009 for the wealth tax, the crediting of the reserve 2014 for the wealth tax for an amount of EUR 160,100 ((€ 35,230 – € 3,210)*5) derived from the net wealth tax 2014 (€ 35,230) less the minimum wealth tax required (€ 3,210), the dividends to distribute for EUR 1,780,000 and the result of the year for EUR 844,457, an amount of EUR 10,437 representing the result is to be carried forward.

* 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 wealth 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 subsequent year an amount equal to five times the net wealth tax to be credited, which has to be maintained for a period of five years.

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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 on 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).

The Board of Directors will also give a general overview, below, 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.

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 4 July 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.

On 28 July 2014, the Company moved its registered office (previously located at 67 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg) to 19 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. A notice has been published in various newspapers to inform the holders of bonds/notes issued by BNP Paribas Fortis Funding (and to draw their attention on the fact that from that date onwards, any communication or notice to the Company shall be sent to such new address).

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Main inherent risks

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 (hereafter “**BNPPF**”).

Before deciding on the issuance of any debt securities, the Directors have to acknowledge that:

The terms of the paragraphs 1 and 2 of Article 57 of the Luxembourg Law on commercial companies dated August 10, 1915, as amended disclosing that “The Director who has an interest which is opposed to the company’s interest in a transaction submitted to the Board of Directors for authorization, is obliged to disclose such opposed interest to the Board and to procure that the existence of such opposed interest be mentioned in the minutes of the Board meeting. He cannot take part in the vote of the relevant resolutions of the Board. The existence of transactions in relation to which a Director has an opposed interest to that of the company has to be specifically reported to the first succeeding general meeting of shareholders prior to any other resolution is put to vote” are respected.

BNP Paribas Fortis Funding publishes from time to time 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 EMTN base prospectus of the Company (as supplemented from time to time) was updated and approved by the CSSF on June 13, 2014 in order to comply with the amended prospectus directive and its regulations.

A separate base prospectus dated June 5, 2014 (as supplemented from time to time) has been updated by the Company together with other issuers of the BNP Paribas group, the base prospectus of such programme enabling the issuance of warrants, certificates, and notes (the “**GECD Securities**”).

The Company acts as issuer of notes under that Multi issuer Certificate, Note & Warrant (C, N & W) programme (the “**GECD Umbrella Programme**”) with BNP

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Paribas SA, BNPP Arbitrage IBV, and BGL BNP Paribas acting also as issuers (on a several basis). The GECD Securities issued by the Company under the GECD Umbrella Programme are guaranteed by BNPPF under similar terms as under the EMTN Programme.

The French AMF is the competent authority of the base prospectus of the GECD Umbrella Programme, the CSSF being the competent authority of the base prospectus of the EMTN Programme. The EMTN Programme of the Company is mainly used to launch plain vanilla and fixed income products.

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.

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 using common OTC/derivatives instruments such as swaps and options from the issue

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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.

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 these 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.

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., which can be summarised as follows:

- Each payment or repayment of principal amounts, interests to investors:
 - equal to or above EUR 10,000, requires both the signature of one Director and the signature of one proxy holder;
 - below EUR 10,000, requires the signature of two proxy holders

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- Each payment of fees relating to Intertrust Luxembourg S.à.r.l. requires the approval of the Board of Directors and then the signature of two proxy holders;
 - For other costs:
 - each payment of fee due to Intertrust Luxembourg S.à.r.l and each payment to pay any invoice due by the Company:
 - * equal to or above EUR 10,000, requires both the signature of one Director and the signature of one proxy holder;
 - * below EUR 10,000, requires the signature of two proxy holders
 - For payments with value retro-active: a letter has been signed by two directors to authorize them, after the new amendment on November 1st, 2009 of the PSD (directive on payment services).

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.

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.

The Board of Directors examined the annual accounts as at December 31, 2014 BNP Paribas Fortis Funding on March 13, 2015 and authorized their publication.

The Board of Directors of BNP Paribas Fortis Funding declares that, to its knowledge, the annual accounts as at December 31, 2014 of BNP Paribas Fortis Funding established in accordance with the body of applicable accounting standards, 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

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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 December 31, 2014.

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 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 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 issuances above EUR 5 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.

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

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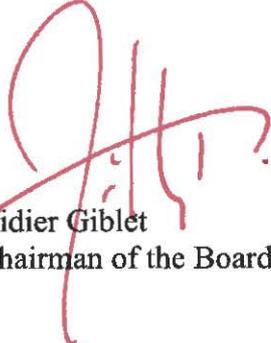
of association there is no provision regarding authorized capital, the board of directors is not allowed to issue new shares.

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 amended Law dated August 10, 1915 on commercial companies.

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, March 13, 2015

For the Board of Directors:



Didier Giblet
Chairman of the Board of Directors



Yvon-Pierre ANTONI
Director

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

Report on the annual accounts

We have audited the accompanying annual accounts of BNP Paribas Fortis Funding S.A., which comprise the balance sheet as at December 31, 2014 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

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

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé*'s judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of BNP Paribas Fortis Funding S.A. as of December 31, 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended with respect to the corporate governance statement.

For Deloitte Audit, *Cabinet de révision agréé*



Olivier Lefèvre, *Réviseur d'entreprises agréé*
Partner

Luxembourg, March 13, 2015

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Balance sheet
as at 31 December 2014
(in EUR)

| | Notes | 31.12.2014 EUR | 31.12.2013 EUR |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| <i>Formation expenses</i> | | 284,036 | 436,245 |
| <i>Fixed assets</i> | | | |
| Tangible fixed assets | | | |
| Plant and machinery | | 5,463 | 7,511 |
| Other fixtures and fittings, tools and equipment | | 1,579 | 2,369 |
| Financial fixed assets | | | |
| Amounts owed by affiliated undertakings | 3 | 5,470,070,451 | 5,167,738,500 |
| <i>Current assets</i> | | | |
| Debtors | | | |
| Amounts owed by affiliated undertakings becoming due and payable within one year | 4 | 415,475,284 | 235,086,058 |
| Other receivables becoming due and payable within one year | | 457,915 | 600,000 |
| | | 415,933,199 | 235,686,058 |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand | | 7,445,769 | 13,032,398 |
| <i>Prepayments and accrued income</i> | 5 | 83,401,369 | 84,118,460 |
| | | 5,977,141,866 | 5,501,021,541 |

The accompanying notes form an integral part of these annual accounts.

BNP Paribas Fortis Funding

Balance sheet
as at 31 December 2014
(in EUR)
(continued)

| | Notes | 31.12.2014 EUR | 31.12.2013 EUR |
|---|-------|-------------------|-------------------|
| LIABILITIES | | | |
| <i>Capital and reserves</i> | 6 | | |
| Subscribed capital | | 500,000 | 500,000 |
| Reserves | | | |
| Legal reserve | | 50,000 | 50,000 |
| Other reserves | | 2,619,815 | 3,090,996 |
| Profit or loss brought forward | | 2,676,895 | 2,295,907 |
| Profit for the financial year | | 844,457 | 1,109,807 |
| | | 6,691,167 | 7,046,710 |
| <i>Subordinated debts</i> | 7 | 1,233,153,404 | 1,656,721,743 |
| <i>Provisions</i> | | | |
| – Provisions for taxation | | 351,471 | 461,017 |
| <i>Non-subordinated debts</i> | | | |
| Debenture loans | 8 | | |
| Non-convertible loans | | | |
| – becoming due and payable within one year | | 358,648,783 | 201,683,146 |
| – becoming due and payable after more than one year | | 3,808,557,061 | 3,326,487,586 |
| | | 4,167,205,844 | 3,528,170,732 |
| Amount owed to affiliated undertakings | | | |
| – becoming due and payable within one year | | - | 5,417,743 |
| Tax and social security debts | | 78,242 | 15,285 |
| Other creditors | 13 | | |
| – becoming due and payable within one year | | 326,068,442 | 144,619,733 |
| Accruals and deferred income | 5 | 243,593,296 | 158,568,578 |
| | | 5,977,141,866 | 5,501,021,541 |

The accompanying notes form an integral part of these annual accounts.

BNP Paribas Fortis Funding

Profit and loss account
for the year ended 31 December 2014
(in EUR)

| | Notes | 31.12.2014 EUR | 31.12.2013 EUR |
|---|-------|-------------------|-------------------|
| CHARGES | | | |
| Use of merchandise, raw materials and consumable materials | | - | 160 |
| Other external charges | | 1,345,432 | 1,633,932 |
| Staff costs | 16 | 125,800 | 109,126 |
| Salaries and wages | | 79,402 | 71,982 |
| Social security costs | | 46,398 | 37,144 |
| Value adjustments | | | |
| – on formation expenses and on tangible and intangible fixed assets | 2.4 | 12,904,175 | 12,467,266 |
| Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities | | 14,985,758 | 37,316,255 |
| Interest and other financial charges | 9 | | |
| – concerning affiliated undertakings | | 57,941,980 | 55,757,376 |
| – other interest and similar financial charges | | 343,224,455 | 279,607,207 |
| | | 401,166,435 | 335,364,583 |
| Income tax | 15 | 348,256 | 457,806 |
| Other taxes not included in the previous caption | | 40,942 | 31,944 |
| Profit for the financial year | | 844,457 | 1,109,807 |
| | | 431,761,255 | 388,490,879 |
| INCOME | | | |
| Income from financial fixed assets | | | |
| – derived from affiliated undertakings | | 128,272,799 | 129,660,813 |
| Income from financial current assets | 10 | | |
| – derived from affiliated undertakings | | 6,907,260 | 2,467,030 |
| – other income | | 40,232 | 22,000,321 |
| | | 6,947,492 | 24,467,351 |
| Other interest and other financial income | 11 | | |
| – derived from affiliated undertakings | | 117,424,164 | 115,858,377 |
| – other interest and similar financial income | | 178,855,135 | 118,039,252 |
| | | 296,279,299 | 233,897,629 |
| Extraordinary income | 12 | 261,665 | 465,086 |
| | | 431,761,255 | 388,490,879 |

The accompanying notes form an integral part of these annual accounts.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014

1 General information

BNP Paribas Fortis Funding (the “Company”) was incorporated on 24 September 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 12 November 2001 and to BNP Paribas Fortis Funding on 22 February 2010.

The registered office of the Company is established in Luxembourg. The Company’s financial year starts on 1st January and ends on 31 December 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 SA/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 10 August 1915 on corporations.

During this year, the Company relocated its office from 67, Boulevard Grande Duchesse Charlotte, L-1331 Luxembourg to 19, Rue Eugène Ruppert, L-2453 Luxembourg.

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 these audited annual accounts.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

2.1 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.

2.2 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 financial year, the transactions, income and expenses denominated in currencies other than the EUR were recorded using the exchange 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.

2.3 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.

2.4 Premiums on amounts receivable

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

2.5 Prepayments and accrued income

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.6 Accruals and deferred income

This liabilities item includes income received during the financial year but relating to a subsequent financial year.

2.7 Creditors

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

2.8 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.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

3 Loans to affiliated undertakings

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

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

| | 31.12.2014 | 31.12.2013 |
|---------------------------------------|----------------------|----------------------|
| | EUR | EUR |
| Amounts due within less than one year | 652,667,737 | 522,843,145 |
| Amounts due over 1 year | | |
| 1 to 5 years | 3,260,801,112 | 3,529,812,879 |
| 5 years or more | 1,556,601,602 | 1,115,082,476 |
| | <u>4,817,402,714</u> | <u>4,644,895,355</u> |
| Total | <u>5,470,070,451</u> | <u>5,167,738,500</u> |

4 Amounts owed by affiliated undertakings becoming due and payable within one year

The item "Amounts owed by affiliated undertakings becoming due and payable within one year" is essentially made up of loans granted to BNP Paribas Fortis S.A./N.V. in the form of commercial papers issued under the "Euro Medium Term Notes" programme, interest receivable on these commercial papers, interest receivable on loans granted and interest receivable on derivatives.

5 Prepayments and accrued income/accruals 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.

6 Capital and reserves

As at 31 December 2014, the issued and fully paid-up share capital of the Company amounts to EUR 500,000 consisting of 20,000 registered shares each having a nominal value of EUR 25.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

6 Capital and reserves (continued)

The movements for the period ended at 31 December 2014 are as follows:

| | Legal reserve | Other reserve* | Profit brought forward |
|--|--------------------------|---------------------------|---------------------------------------|
| | EUR | EUR | EUR |
| Balance as at 1 st January 2014 | 50,000 | 3,090,996 | 2,295,907 |
| Profit for year ended 31 December 2013 | - | - | 1,109,807 |
| Transfer of the 2008 special reserve to profit brought forward | - | (633,550) | 633,550 |
| Allocation to the special reserve related to the net worth tax | - | 162,369 | (162,369) |
| Dividends | - | - | (1,200,000) |
| Balance as at 31 December 2014 | <u>50,000</u> | <u>2,619,815</u> | <u>2,676,895</u> |

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 reserve*

In order to take advantage of the provisions of paragraph 8a of the Net Worth 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 subsequent 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 Worth Tax was reduced.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

7 Subordinated debts

Amounts due and payable for the accounts shown under “Subordinated debts” are as follows:

| | 31.12.2014 | 31.12.2013 |
|--------------------------------------|----------------------|----------------------|
| | EUR | EUR |
| Within one year | 279,206,101 | 427,240,663 |
| After one year and within five years | 882,578,432 | 1,161,671,488 |
| After more than five years | 71,368,871 | 67,809,592 |
| | <u>1,233,153,404</u> | <u>1,656,721,743</u> |

This item also includes the accrued interest payable as at 31 December 2014 that amounts to EUR 29,878,614 (EUR 34,012,312 as at 31 December 2013).

8 Debenture loans

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

| Non-convertible loans | 31.12.2014 | 31.12.2013 |
|--------------------------------------|----------------------|----------------------|
| | EUR | EUR |
| Within one year | 358,648,783 | 201,683,146 |
| After one year and within five years | 2,302,041,701 | 2,262,377,032 |
| After more than five years | 1,506,515,360 | 1,064,110,554 |
| | <u>4,167,205,844</u> | <u>3,528,170,732</u> |

This item also includes the accrued interest payable as at 31 December 2014 that amounts to EUR 58,664,258 (EUR 55,824,614 as at 31 December 2013).

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

9 Interest and other financial charges

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

| | 31.12.2014 | 31.12.2013 |
|--|--------------------|--------------------|
| | EUR | EUR |
| Interest on borrowings, commercial papers, interest rate swaps, equity options, equity swaps | 243,117,675 | 242,710,971 |
| Interests on bank accounts | 10,154 | 4,178 |
| Gain/loss on foreign exchange on securities | 158,038,606 | 92,649,434 |
| | <u>401,166,435</u> | <u>335,364,583</u> |

Interest and other financial charges with affiliated undertakings amount to EUR 63,807,190 as at 31 December 2014 (2013: EUR 56,739,190).

10 Income from financial current assets

Income from financial current assets is composed of the following items:

| | 31.12.2014 | 31.12.2013 |
|---------------------|-------------------|-------------------|
| | EUR | EUR |
| Gain on derivatives | 6,907,260 | 2,467,030 |
| Gain on securities | 40,232 | 22,000,321 |
| | <u>6,947,492</u> | <u>24,467,351</u> |

Income from financial current assets with affiliated undertakings amount to EUR 6,907,260 as at 31 December 2014 (2013: EUR 2,467,030).

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

11 Other interest and other financial income

Other interest and other financial income are composed of the following items:

| | 31.12.2014 | 31.12.2013 |
|--|--------------------|--------------------|
| | EUR | EUR |
| Interests on commercial papers and derivatives | 117,424,164 | 115,858,377 |
| Amortisation of premiums on borrowings | 11,865,402 | 10,551,252 |
| Amortisation of option premiums received | 386,355 | 1,186,173 |
| Interest on bank accounts | 38,929 | 49,285 |
| Upfront fees received | 7,198,523 | 11,479,040 |
| Gain/loss on foreign exchange securities | 158,032,009 | 92,638,539 |
| Commissions | 1,333,917 | 2,134,963 |
| | <u>296,279,299</u> | <u>233,897,629</u> |

Other interest and other financial income from affiliated undertakings amount to EUR 126,381,888 as at 31 December 2014 (2013: EUR 130,707,837).

12 Extraordinary income

As at 31 December 2014, the item “extraordinary income” 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.

13 Other creditors

As at 31 December 2014 and 31 December 2013, the item “other creditors” was essentially made up of commercial papers, interest payable on commercial paper, on interest rate swap contracts and other contracts on derivative products related to certain borrowings and other fees payable.

14 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 31 December 2014.

BNP Paribas Fortis Funding

Notes to the annual accounts
for the year ended
31 December 2014
(continued)

15 Tax position

The Company is subject to Luxembourg tax laws.

16 Staff

As at 31 December 2013 and 31 December 2014, the Company employed 6 persons on a part time basis.

17 Derivative financial instruments

The Company uses various derivative instruments contracted with BNP Paribas Fortis SA/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:

| | 31.12.2014 | 31.12.2013 |
|--------------------------------------|-------------------|-------------------|
| | Nominal | Nominal |
| | EUR | EUR |
| Interest Rate Swap | 1,849,482,446 | 1,657,880,470 |
| Equity Swap | 1,522,971,037 | 1,278,897,534 |
| Cross Currency Interest Rate Swap | 871,788,724 | 863,063,307 |

BNP Paribas Fortis Funding
Notes to the annual accounts for the year ended
31 December 2014
(continued)

18 Related parties transactions

During the financial year 2014, the following significant transactions were entered into with related parties:

| | BNP Paribas Fortis S.A./NV(BNPPF) | Other companies of the group BNP Paribas |
|--|--|---|
| | EUR | EUR |
| Assets | | |
| Loans to affiliated undertakings | 5,470,070,451 | - |
| Amounts owed by affiliated undertakings becoming due and payable within one year | 411,598,185 | 3,877,099 |
| Cash at bank | - | 7,445,769 |
| Prepayments and accrued income | 11,637,207 | - |
| | 5,893,305,843 | 11,322,868 |
| Liabilities | | |
| Subordinated creditors* | 378,395 | 11,058,823 |
| Non-subordinated debts* | 109,254,155 | 40,184,592 |
| Other creditors | 8,569,616 | 1,415,218 |
| Accruals and deferred income | 11,950,473 | - |
| | 130,152,639 | 52,658,633 |
| Charges | | |
| Value adjustments and fair value adjustments on financial current assets. | | |
| Loss on disposal of transferable securities | 6,836,581 | - |
| Interest payable and similar charges** | 47,902,400 | 15,904,790 |
| | 54,738,981 | 15,904,790 |
| Income | | |
| Income from financial fixed assets | 128,272,799 | - |
| Income from financial current assets | - | 6,907,260 |
| Other interest and other financial income | 103,566,414 | 22,815,474 |
| | 231,839,213 | 29,272,734 |

* 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 3,209,327 is a result of acquisitions of bonds by BNPPF on behalf of third parties (investors) for a short period of time and EUR 2,643,021 is a result of acquisitions of bonds by other companies of the group.

BNP Paribas Fortis Funding
Notes to the annual accounts for the year ended
31 December 2014
(continued)

19 Auditor's fees

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

| | 31.12.2014 | 31.12.2013 |
|--------------------|-------------------|-------------------|
| | EUR | EUR |
| Audit fees | 63,618 | 62,141 |
| Audit related fees | 12,085 | 11,831 |
| Other fees | 37,249 | 40,423 |
| Total | <u>112,952</u> | <u>114,395</u> |