Interim financial statements
for the six months period ended 30 June 2018

BNP Paribas Issuance B.V.

Herengracht 595
1017 CE Amsterdam
The Netherlands
Chamber of Commerce Amsterdam No. 33215278

CONTENTS

MANAGEMENT BOARD REPORT

Description and principal activity of the Company
BNP Paribas Issuance B.V. (the Company) was incorporated on 10 November 1989 under the law of the Netherlands. On 24 May 2017 the articles of association have been updated and the name of the Company has changed from BNP Paribas Arbitrage Issuance B.V. to BNP Paribas Issuance B.V.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

Audit committee
The Company qualifies as an organisation of public interest pursuant to Dutch and EU law. By making use of the exemption for groups the Company did not install an audit committee. The Company belongs to the BNP Paribas group which has an audit committee that complies with international corporate governance rules.

Operating result
The net profit for the period was EUR 12,238 (the six months' period ended 30 June 2017 profit EUR 11,053).

Liquidity and shareholder's equity
No significant changes to liquidity resources occurred. Equity increased with the result for the period. Liquidity and capital resources are considered sufficient given the objective and activities of the Company.

Financial risk management
Market risk
The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

Credit risk
The Company has significant concentration of credit risks as all OTC contracts are acquired from its parent companies and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is under supervision of the European Central Bank and the *Autorité de controle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A) by Standard & Poor's and (A1) by Moody's.

Liquidity risk
The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

Employees
The Company employs no personnel.

Future outlook
It is expected that the activities of the Company in the second half of 2018 will remain on the same level as in the first half of 2018.

Statement
To the best of our knowledge we declare that:
1. The interim financial statements at 30 June 2018 give a fair view of the assets, the financial position and the profit of the Company; and
2. The interim financial report at 30 June 2018 gives a fair view of the Company's condition on balance sheet date, the development of the Company during the financial period ended 30 June 2018 and all material risks to which the Company is exposed.

Amsterdam, 23 August 2018
The Management Board,

Signed by
BNP Paribas Finance B.V.

BALANCE SHEET AT 30 JUNE 2018
(before appropriation of the net result)

	Notes	30.06.2018 EUR	31.12.2017 EUR
ASSETS			
Financial fixed assets	1		
Repurchase agreements		269,830,000	269,830,000
OTC contracts		43,276,218,872	38,528,016,122
		43,546,048,872	38,797,846,122
Current assets			
OTC contracts	1	14,395,293,713	12,039,475,865
Taxes receivable		57,319	9,901
Accounts receivable group		2,086,200	1,596,379
Cash at banks		77,349	218,633
		14,397,514,581	12,041,300,778
TOTAL ASSETS		**57,943,563,453**	**50,839,146,900**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2		
Share capital issued and paid up		45,379	45,379
Retained earnings		469,860	442,920
Result for the period		12,238	26,940
		527,477	515,239
Long term liabilities			
Issued securities	3	43,546,048,872	38,797,846,122
Current liabilities			
Issued securities	3	14,395,293,713	12,039,475,865
Other liabilities – non group		7,490	637,362
– group		1,685,901	672,312
		14,396,987,104	12,040,785,539
TOTAL EQUITY AND LIABILITIES		**57,943,563,453**	**50,839,146,900**

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	**Period 1.1 to 30.6.2018**	**Period 1.1 to 30.6.2017**
		EUR	EUR
Net result financial instruments	4	0	0
Fee income and other income	5	193,729	180,264
Operating income		193,729	180,264
Operating expenses			
General and administrative expenses		-175,717	-163,877
		18,012	16,387
Operating result			
Interest income		0	0
Bank costs and similar charges		-1,696	-1,650
Profit before taxation		16,316	14,737
Corporate income tax	6	-4,078	-3,684
Profit after taxation		**12,238**	**11,053**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2018

	Period 1.1 to 30.6.2018	Period 1.1 to 30.6.2017
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	3,011,049	2,272,157
Received reimbursed general expenses	327,800	100,691
Paid issuing expenses	(3,514,369)	(2,757,506)
Paid general expenses	(32,449)	(42,291)
Received taxes	66,685	116,928
Cash flow from operating activities	(141,284)	(310,021)
Cash flow from financing activities	0	0
Cash flow from investing activities	0	0
Increase/ (decrease) cash at banks	(141,284)	(310,021)
Movements in cash at banks		
Cash at banks at January 1	218,633	352,062
Increase / (decrease)	(141,284)	(310,021)
Cash at banks	77,349	42,041

Refer to page 11 for the principles for preparation of the cash flow statement.

SHAREHOLDER'S EQUITY AT 30 JUNE 2018

	30.06.2018	31.12.2017
	EUR	EUR
Shareholder's equity		
Share capital issued and paid up	45,379	45,379
Retained earnings	469,860	442,920
Result for the period	12,238	26,940
TOTAL SHAREHOLDER'S EQUITY	**527,477**	**515,239**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL

BNP Paribas Arbitrage Issuance B.V. (the Company), having its registered address at Amsterdam, was incorporated under the law of the Netherlands on 10 November 1989 as a private limited liability company. On 24 May 2017 the name of the Company changed from BNP Paribas Arbitrage Issuance B.V. to BNP Paribas Issuance B.V.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company. The financial statements of BNP Paribas S.A. can be found on the website group.bnpparibas.com.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
The interim financial statements of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands and in conformity with the Dutch Guideline for Annual Reporting 394 on Interim Reports. All amounts are stated in euros, the reporting currency, unless stated otherwise.

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding year unless indicated otherwise.

Accounting convention
The interim financial statements are prepared under the historical cost convention, except for derivatives that are measured at fair value with changes through profit and loss.

Going concern basis of accounting
The interim financial statements have been prepared on a going concern basis. The Company has a master hedging agreement with BNP Paribas group entities under which all issued securities are hedged by swap agreements and OTC option agreements or collateral arrangements. In addition, the Company has an agreement with BNP Paribas group entities to recharge its operating expenses with a margin of 10%.

Use of estimates and judgements
The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements is included in note 3.

Recognition of income and expenses
The net result financial instruments includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related OTC contracts. As the Company enters into a swap agreement with a BNP Paribas group company and an OTC option at exactly the same terms and conditions of the issued security or a collateral arrangement at each issue of securities, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

Fee income, other income and general and administrative expenses are taken in the year to which they relate. Profits are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

If securities are exercised against the Company, the Company fulfils its obligation by exercising the related swap agreements or OTC contracts with entities of the BNP Paribas group as the case may be. Issued securities and related swap agreements and OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related swap agreements and OTC contracts are released without any further future obligation for the Company.

Valuation of assets and liabilities - general
Unless indicated otherwise, assets and liabilities are stated at amortised cost.

Financial instruments
Financial instruments include accounts receivable and accounts payable, cash at banks and cash equivalents, issued securities and acquired OTC contracts.

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when those contractual provisions are expired or transferred.

Non-derivative financial instruments are measured and accounted for at fair value upon initial recognition and subsequently at amortised cost.

Derivatives (Issued securities and OTC's)
Derivatives are measured and accounted for at fair value upon initial recognition and at subsequent dates. Gains and losses are directly recognised in profit and loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date. Reference is made to note 3 for details about the determination of fair values.

The fair values of OTC contracts are calculated in the same way as their related issued securities.

The Company does not apply hedge accounting.

Currencies
The functional currency of the Company is the euro.

Balance sheet items denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date. Transactions in foreign currencies (not concerning derivatives) during the reporting period have been incorporated at the rate of settlement.

The premiums of the issued securities and the cost of the related OTC contracts are denominated in different currencies. Moreover, the underlying contracts of the securities have their own currency denominations, which are often based on a basket of currencies. The net effect of the currency risk is nil though, as this risk is completely hedged.

Corporate income tax
Tax on result is calculated by applying the rates for the financial year to the result in the profit and loss account.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the direct method and consists of cash only; paid interest is taken into account under paid general expenses.

Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. The outcome of this procedure is reflected in the cash flow report under the heading “Issuing of securities against OTC coverage”.

FINANCIAL RISK MANAGEMENT

Market risk
The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, all issued securities are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

Credit risk
The Company has a significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that BNP Paribas group is under supervision of the European Central Bank and the *Autorité de controle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A) by Standard & Poor’s and (A1) by Moody’s.

Liquidity risk
The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of securities, the hedging of the related exposures and the reimbursement of costs. Taking into account the position of the Company within the group these agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

NOTES TO THE BALANCE SHEET

1. Financial fixed assets
For all most all issued securities OTC contracts with BNP Paribas group companies are agreed having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise are identical. Concerning one issued security the Company entered into repurchase agreements with BNP Paribas.
Refer to note 3 for the details of the issued securities and hence the OTC contracts.

2. Shareholder's equity
Share capital:
The Company's issued share capital amounts to 45,379 shares with a nominal value of EUR 1 each, which are fully paid-up.

During the financial year under review, there have been no changes in the issued or paid up capital. The authorised capital has been annulled pursuant to a change of the articles of association.

Retained earnings:
The movement is as follows:

	EUR	EUR
	30.06.2018	31.12.2017
Opening balance	442,920	419,613
Appropriation result previous year	26,940	23,307
Closing balance	469,860	442,920

3. Issued securities
The Company establishes securities programmes and issues securities such as warrants, notes and certificates exercisable pursuant to the terms and conditions of such securities programmes. Entities of the BNP Paribas group have agreed to purchase the securities at the same time. The entities of the BNP Paribas group distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the third parties.

The issued securities and related OTC contracts can be specified as follows:

	Fair value 30.06.2018	Fair value 31.12.2017
	EUR	EUR
- Up to 1 year	14,395,293,713	12,039,475,865
- From 1- 5 years	26,049,025,530	23,824,600,113
- Exceeding 5 years	17,497,023,342	14,973,246,009
Financial fixed assets	43,546,048,872	38,797,846,122
Total	57,941,342,585	50.837,321,987

Specification (fair value) based on method of valuation

30.06.2018	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Warrants				
underlying shares	0	915,932,899	1,002,811,739	1,918,744,638
underlying indices	0	1,097,363,486	924,623,836	2,021,987,322
underlying currencies	0	12,965,515	3,280,301	16,245,816
underlying commodities	0	12,285,991	0	12,285,991
underlying funds	0	229,468,280	879,644,965	1,109,113,245
underlying credits	0	8,966,467	0	8,966,467
underlying interest rates	0	16,540,619	0	16,540,619
	0	2,293,523,257	2,810,360,841	5,103,884,098
Certificates				
underlying shares	0	4,839,753,547	1,163,318,065	6,003,071,612
underlying indices	0	20,417,428,823	8,087,611,451	28,505,040,274
underlying currencies	0	257,779,115	62,317,317	320,096,432
underlying commodities	0	802,386,766	47,220,650	849,607,416
underlying funds	0	54,230,406	580,489,946	634,720,352
underlying credits	0	3,741,461,958	0	3,741,461,958
underlying interest rates	0	809,714,270	0	809,714,270
	0	30,922,754,885	9,940,957,429	40,863,712,314
MTN’s				
underlying shares	0	739,004,329	481,071,929	1,220,076,258
underlying indices	0	4,006,134,714	4,094,309,680	8,100,444,394
underlying currencies	0	141,644,373	0	141,644,373
underlying credits	0	1,990,512,159	0	1,990,512,159
underlying funds	0	0	20,698,950	20,698,950
underlying interest rates	0	500,370,039	0	500,370,039
	0	7,377,665,614	4,596,080,559	11,973,746,173
Total per 30 June 2018	0	40,593,943,756	17,347,398,829	57,941,342,585

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	EUR	EUR	EUR	EUR
Warrants				
underlying shares	0	1,821,556,239	1,137,304,766	2,958,861,005
underlying indices	0	883,548,257	795,698,880	1,679,247,137
underlying currencies	0	10,048,222	3,464,492	13,512,714
underlying commodities	0	8,122,286	439,504	8,561,790
underlying funds	0	185,445,173	534,151,367	719,596,540
underlying credits	0	13,366,750	0	13,366,750
underlying interest rates	0	1,753,816	0	1,753,816
	0	2,923,840,743	2,471,059,009	5,394,899,752
Certificates				
underlying shares	0	5,329,067,181	832,035,643	6,161,102,824
underlying indices	0	18,491,809,952	7,584,417,187	26,076,227,139
underlying currencies	0	175,055,986	14,996,532	190,052,518
underlying commodities	0	588,816,141	45,082,820	633,898,961
underlying funds	0	48,963,944	446,251,881	495,215,825
underlying credits	0	3,277,512,956	0	3,277,512,956
underlying interest rates	0	703,361,002	0	703,361,002
	0	28,614,587,162	8,922,784,063	37,537,371,225
MTN’s				
underlying shares	0	620,524,943	309,522,149	930,047,092
underlying indices	0	3,708,755,056	1,979,424,209	5,688,179,265
underlying currencies	0	90,628,082	0	90,628,082
underlying credits	0	668,040,197	0	668,040,197
underlying interest rates	0	528,156,374	0	528,156,374
	0	5,616,104,652	2,288,946,358	7,905,051,010
Total per 31 December 2017	0	37,154,532,557	13,682,789,430	50,837,321,987

BNP Paribas group including the Company determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected subject to certain conditions. Accordingly, the group retains this portfolio based measurement exception to determine the fair value when some group of financial assets and financial liabilities with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.

Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.

Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value. All given estimated fair values are related to the market conditions prevailing at the end of the reporting period; the future values may differ.

When issued, securities are publicly offered or privately placed. Sometimes privately placed securities are listed for the secondary market. Listed securities are listed on stock exchanges in- and outside of the European Union; the related OTC contracts are not listed. The majority of the issued securities are not traded actively in active markets.

No accrued interest is presented in the balance sheet because the accrued interest is part of the market value of the derivatives as disclosed in the balance sheet. The net result on the derivatives equals zero and is recorded on a net basis in the profit and loss account, see note 4.

Conditions that can influence the future cash flow
In general it is assumed that the securities and the related OTC contracts are exercised at the exercise dates mentioned in the final terms of the securities against the fair value as determined. Based on these two assumptions the above specification based on maturity has been prepared. Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. Conditions that could influence future cash flows will have therefore no impact on the cash flow of the Company.

NOTES TO THE PROFIT & LOSS ACCOUNT

4. Net result financial instruments

The net result derivatives includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related swap agreements and OTC contracts. As the Company enters into an OTC option or swap agreement with a BNP Paribas group company at each issue of securities at exactly the same terms and conditions of the issued security, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

5. Fee income and other income

Other income concerns recharged general and administrative expenses of the Company increased with an up-count of 10%, based on cost plus agreements concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas group companies.

6. Corporate income tax

The corporate income tax is the estimated charge for the period amounting to EUR 4,078. The rate for the financial year 2018 and the effective rate for the period are 25%.
BNP Paribas Issuance B.V. has entered into a consolidated tax group (fiscale eenheid) for Dutch corporate income tax purposes with other BNP Paribas Group entities domiciled in the Netherlands effective as of 1 January 2015. As from 1st January 2017 BNP Paribas SA-Netherlands Branch acts as parent of this consolidated tax group. As a consequence the Company can be held liable for the corporate income tax due by the consolidated tax group.

Issuing expenses and remunerations
Issuing expenses are expenses related to the issuing of the securities for account of the Company and are reimbursed by BNP Paribas group companies, if charged to the Company.

The sole member of the Management Board will charge a management fee of EUR 32,250 over the reporting period (over the first six months of 2017: EUR 29,563).

Mazars Accountants N.V. will charge a fee of EUR 8,000 for the financial half-year 2018 as audit fee (2017: EUR 8,000). No additional amount has been charged to the Company during the reporting period for audit-related fees.

Commitments, contingencies and off-balance items
The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 1,461,237,656 (31.12.2017: EUR 1,645,398,306).

Employees
The Company employs no personnel.

Subsequent events
No subsequent events have occurred.

Amsterdam, 23 August 2018
The Management Board,

Signed by
BNP Paribas Finance B.V.

OTHER INFORMATION

STATUTORY ARRANGEMENTS CONCERNING THE APPROPRIATION OF PROFITS

Paragraphs 1 and 2 of article 19 of the articles of association:
19.1 The allocation of profits accrued in a financial year shall be determined by the Shareholders' Body. If the Shareholders' Body does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.
19.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.
The Shareholders' Body is defined as the body of the Company consisting of shareholders entitled to vote.

REVIEW

The review report is included on the next page.

REVIEW REPORT

To the managing director of BNP Paribas Issuance B.V.

INTRODUCTION

We have reviewed the accompanying interim financial statements of BNP Paribas Issuance B.V., Amsterdam, which comprise the balance sheet as at 30 June 2018, the profit and loss account for the six month period then ended, and the notes, comprising a summary of the accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including Dutch Standard 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 Dutch 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 BNP Paribas Issuance B.V. interim financial information for the six month period ended 30 June 2018, is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, 24 August 2018

MAZARS ACCOUNTANTS N.V.

J.C. van Oldenbeek MSc RA