Annual report 2017

BNP Paribas Issuance B.V.

Herengracht 595
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The Netherlands
Chamber of Commerce Amsterdam No. 33215278

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MANAGEMENT BOARD REPORT

Description and principal activity of the Company
BNP Paribas Issuance B.V. (the Company) was incorporated on 19 November 1989 under the law of the Netherlands.

On 24 May 2017, the company has changed its name 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 financial year was EUR 26,940 (2016 profit EUR 23,307).

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 company 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 (Aa3) 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 will remain in 2018 on the same level as in 2017.

Statement
To the best of our knowledge we declare that:
1. the financial statements at 31 December 2017 give a fair view of the assets, the financial position and the profit of the Company; and
2. the financial report at 31 December 2017 gives a fair view of the Company's condition on balance sheet date, the development of the Company during the financial year ended 31 December 2017 and all material risks to which the Company is exposed.

Amsterdam, 16 April 2018
The Management Board,

Signed by
BNP Paribas Finance B.V.

BALANCE SHEET AT 31 DECEMBER 2017
(before appropriation of the net result)

	Notes	31.12.2017 EUR	31.12.2016 EUR
ASSETS			
Financial fixed assets	1		
Repurchase agreements		269,830,000	286,204,491
OTC contracts		38,528,016,122	34,684,127,289
		38,797,846,122	34,970,331,780
Current assets			
OTC contracts	1	12,039,475,865	13,348,097,212
Taxes receivable		9,901	62,256
Accounts receivable group		1,596,379	1,430,598
Cash at banks		218,633	352,062
		12,041,300,778	13,349,942,128
TOTAL ASSETS		**50,839,146,900**	**48,320,273,908**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2		
Share capital issued and paid up		45,379	45,379
Retained earnings		442,920	419,613
Result for the period		26,940	23,307
		515,239	488,299
Long term liabilities			
Issued securities	3	38,797,846,122	34,970,331,780
Current liabilities			
Issued securities	3	12,039,475,865	13,348,097,212
Other liabilities – non group		637,362	685,142
– group		672,312	671,475
		12,040,785,539	13,349,453,829
TOTAL EQUITY AND LIABILITIES		**50,839,146,900**	**48,320,273,908**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 EUR	2016 EUR
Net result financial instruments	4	0	0
Fee income and other income	5	431,472	399,805
Operating income		431,472	399,805
Operating expenses			
General and administrative expenses		(392,248)	(363,458)
Operating result		39,224	36,347
Interest income		0	12
Bank costs and similar charges		(3,304)	(3,629)
Profit before taxation		35,920	32,730
Corporate income tax	6	(8,980)	(9,423)
Profit after taxation		**26,940**	**23,307**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	7,064,201	6,637,867
Received reimbursed general expenses	462,637	514,251
Paid issuing expenses	(7,435,642)	(6,495,866)
Paid general expenses	(401,315)	(473,811)
Received taxes	176,690	93,609
Cash flow from operating activities	(133,429)	276,050
Cash flow from financing activities	0	0
Cash flow from investing activities	0	0
Increase/ (decrease) cash at banks	(133,429)	276,050
Movements in cash at banks		
Cash at banks at January 1	352,062	76,012
Increase / (Decrease) cash at banks	(133,429)	276,050
Cash at banks	218,633	352,062

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

SHAREHOLDER'S EQUITY AT 31 DECEMBER 2017

	31.12.2017	31.12.2016
	EUR	EUR
Shareholder's equity		
Share capital issued and paid up	45,379	45,379
Retained earnings	442,920	419,613
Result for the period	26,940	23,307
TOTAL SHAREHOLDER'S EQUITY	**515,239**	**488,299**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL

BNP Paribas 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.

The company is registered at Chamber of Commerce Amsterdam with No. 33215278

On 24 May 2017, the company has changed its name 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 annual accounts of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands. 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 accounts 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 financial statements have been prepared on a going concern basis. The Company has a master hedging agreement with BNP Paribas group entities under which 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 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 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 groups 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 swap agreements and OTC contracts.

Financial assets and liabilities are recognised on the 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, 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 a significant concentration of credit risks as all swap agreements and 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 (Aa3) 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.
During 2017 the Company entered into a repack-transaction: the Company is issuing securitized notes, backed by Bonds
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 share capital amounts to EUR 45,379 composed by 45,379 issued and fully paid-up shares.

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 2017	EUR 2016
Opening balance	419,613	399,827
Appropriation result previous year	23,307	19,786
Closing balance	442,920	419,613

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 investors.

The issued securities can be specified as follows:

	Fair value 2017 EUR	**Fair value 2016** EUR
- Up to 1 year	12,039,475,865	13,348,097,212
- From 1- 5 years	23,824,600,113	21,277,018,059
- Exceeding 5 years	14,973,246,009	13,693,313,721
Financial fixed assets	38,797,846,122	34,790,331,780
Total as per 31 December	50,837,321,987	48,318,428,992

The fair value of the securities specified by method of valuation:

2017	**Level 1** EUR	**Level 2** EUR	**Level 3** EUR	**Total** 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

2016	**Level 1** EUR	**Level 2** EUR	**Level 3** EUR	**Total** EUR
Warrants				
underlying shares	0	851,687,516	1,032,308,650	1,883,996,166
underlying indices	0	787,173,788	960,550,430	1,747,724,218
underlying currencies	0	17,355,452	7,582,531	24,937,983
underlying commodities	0	18,108,633	-	18,108,633
underlying funds	0	14,090	344,259	358,349
underlying credits	0	437,961	-	437,961
underlying interest rates	0	3,226,985	-	3,226,985
	0	1,678,004,425	2,000,785,870	3,678,790,295
Certificates				
underlying shares	0	5,940,386,599	951,584,558	6,891,971,157
underlying indices	0	18,709,266,316	7,151,675,520	25,860,941,836
underlying currencies	0	227,442,451	3,717,046	231,159,497
underlying commodities	0	700,464,579	52,784,109	753,248,688
underlying funds	0	23,085,143	277,810,102	300,895,245
underlying credits	0	3,978,780,504	-	3,978,780,504
underlying interest rates	0	446,237,588	-	446,237,588
	0	30,025,663,180	8,437,571,335	38,463,234,515
MTN’s				
underlying shares	0	352,584,332	27,674,062	380,258,394
underlying indices	0	3,950,079,673	1,448,175,718	5,398,255,391
underlying currencies	0	44,554,148	-	44,554,148
underlying credits	0	69,775,690	-	69,775,690
underlying interest rates	0	283,560,559	-	283,560,559
	0	4,700,554,402	1,475,849,780	6,176,404,182
Total per 31 December 2016	0	36,404,222,007	11,914,206,985	48,318,428,992

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 year end; 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 swap agreements and 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, OTC contracts, swap agreements and collateral arrangements 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 a OTC option or swap agreement with a BNP Paribas group company at exactly the same terms and conditions of the issued security 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.

5. Fee income and other income
Other income concerns recharged general and administrative expenses 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. The rate for the financial year 2017 is 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. From 1 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 and are reimbursed by BNP Paribas group companies, if charged to the Company.

The Management Board has charged a management fee of 60,000 EUR over 2017
(2016: EUR 59,188).

Mazars Paardekooper Hoffman Accountants N.V. “Mazars” charged a fee of EUR 20,000 for the financial year 2017 as audit fee (2016: 20,000 EUR). Mazars has charged an additional amount of EUR 8,000 to the Company during the year 2017 for a review on the interim financial information as per 30 June 2017 (2016: 8,000 EUR).

Commitments, contingencies and off-balance items
The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 1,645,398,306 (2016: EUR 1,081,624,56).

Employees
The Company employs no personnel.

Subsequent events
No subsequent events have occurred.

Appropriation of the results for the years 2016 and 2017
The profit of the year 2016 has been added to the retained earnings. The Managing Director proposes to the general meeting of shareholders to add the profit made by the Company during the year 2017 to the retained earnings. The financial statements do not reflect this proposal.

Amsterdam, 16 April 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.

AUDIT

The independent auditor's report is included on the next page.

INDEPENDENT AUDITOR’S REPORT

To: the Director and the Shareholder of BNP Paribas Issuance B.V.

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of BNP Paribas Issuance B.V., based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of BNP Paribas Issuance B.V. as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
the balance sheet as at 31 December 2017;
the income statement for the year then ended;
the cash flow statement for the year then ended; and
the notes, comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of BNP Paribas Issuance B.V. company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)” and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)”.

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 240 million. The materiality is based on 0.5% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated one key audit matter with the managing director. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Fair value of financial instruments (issued securities and OTC contracts)

Issued securities and OTC contracts, both amounting to EUR 50.8 billion, are measured at fair value and a substantial part is measured using 'level 2' and 'level 3' valuations. Fair value measurement of these financial instruments is significant to our audit as the fair value is subject to estimation uncertainty. Due to the nature of the company, the fair values are mainly provided by BNP Paribas group entities, that are considered as service organisations in our audit.

As part of our audit, we have assessed the quality of information provided by the BNP Paribas group entities, also by relying on information provided by these service organisation's auditors. We have received and reviewed reporting provided to us by the service organisation's auditors, including their involvement of valuation specialists. We furthermore focused on the adequacy of the fair value disclosures in note 3 of the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
the management board report;
other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:
is consistent with the financial statements and does not contain material misstatements;
contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The managing director is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.Report on other legal and regulatory requirements

Engagement

We were engaged as auditor of BNP Paribas Issuance B.V. as of the audit for year 2012 and have operated as statutory auditor since that year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the managing director for the financial statements

The managing director is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The managing director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the managing director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the managing director, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 16 April 2018

Mazars Paardekooper Hoffman accountants n.v.

J.C. van Oldenbeek MSc RA