Interim financial statements
for the six months period ended 30 June 2016

BNP Paribas Arbitrage Issuance B.V.

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

CONTENTS

MANAGING DIRECTOR'S REPORT

Description and principal activity of the Company
BNP Paribas Arbitrage Issuance B.V. (the Company) was incorporated on 10 November 1989 under the law of the Netherlands.

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 12,506 (the six months' period ended 30 June 2015 profit EUR 10,233).

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 OTC option and swap agreements with BNP Paribas group entities 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 2016 will remain on the same level as in the first half of 2016.

Statement
To the best of our knowledge we declare that:
1. the interim financial statements at 30 June 2016 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 2016 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 2016 and all material risks to which the Company is exposed.

Amsterdam, 15 September 2016
The Managing Director,

Signed by
BNP Paribas Finance B.V.

BALANCE SHEET AT 30 JUNE 2016
(before appropriation of the net result)

	Notes	30.06.2016 EUR	31.12.2015 EUR
ASSETS			
Financial fixed assets	1		
Repurchase agreements		295,530,000	0
OTC contracts		31,914,028,049	30,238,524,334
		32,209,558,049	30,238,524,334
Current assets			
OTC contracts	1	17,302,593,789	12,802,271,892
Taxes receivable		6,831	11,702
Accounts receivable group		2,634,378	1,691,388
Cash at banks		71,193	76,012
		17,305,306,191	12,804,050,994
TOTAL ASSETS		**49,514,864,240**	**43,042,575,328**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2		
Share capital issued and paid up		45,379	45,379
Retained earnings		419,613	399,827
Result for the period		12,506	19,786
		477,498	464,992
Long term liabilities			
Issued securities	3	32,209,558,049	30,238,524,334
Current liabilities			
Issued securities	3	17,302,593,789	12,802,271,892
Other liabilities – non group		1,708,147	1,178,689
– group		526,757	135,421
		17,304,828,693	12,803,586,002
TOTAL EQUITY AND LIABILITIES		**49,514,864,240**	**43,042,575,328**

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2016

	Notes	**Period 1.1 to 30.6.2016** EUR	**Period 1.1 to 30.6.2015** EUR
Net result financial instruments	4	0	0
Fee income and other income	5	183,330	158,063
Operating income		183,330	158,063
Operating expenses			
General and administrative expenses		(166,663)	(143,694)
		16,667	14,369
Operating result			
Interest income		11	112
Bank costs and similar charges		(1,045)	(1,688)
Profit before taxation		15,633	12,793
Corporate income tax	6	(3,127)	(2,560)
Profit after taxation		**12,506**	**10,233**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2016

	Period 1.1 to 30.6.2016	Period 1.1 to 30.6.2015
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	2,778,027	3,361,221
Received reimbursed general expenses	215,526	269,562
Paid issuing expenses	(2,945,146)	(4,059,951)
Paid general expenses	(142,368)	(213,504)
Received taxes	89,142	76,046
Cash flow from operating activities	(4,819)	(566,626)
Cash flow from financing activities	0	0
Cash flow from investing activities	0	0
Increase/ (decrease) cash at banks	(4,819)	(566,626)
Movements in cash at banks		
Cash at banks at January 1	76,012	652,453
Increase / (decrease) cash at banks	(4,819)	(566,626)
Cash at banks	71,193	85,827

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

SHAREHOLDER'S EQUITY AT 30 JUNE 2016

	30.06.2016	31.12.2015
	EUR	EUR
Shareholder's equity		
Share capital issued and paid up	45,379	45,379
Retained earnings	419,613	399,827
Result for the period	12,506	19,786
TOTAL SHAREHOLDER'S EQUITY	**477,498**	**464,992**

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.

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 OTC option and swap agreements. 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 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.

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 OTC contracts with entities of the BNP Paribas group as the case may be. Issued securities and related OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related 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. The currency risk is not specified, as this information is not readily available and can only be obtained at unreasonable high cost.

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 OTC option and swap agreements with BNP Paribas group entities and therefore these risks are completely mitigated.

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 two issued securities 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 authorised share capital amounts to EUR 225,000 (225,000 common shares of EUR 1 each), of which 45,379 shares are issued and fully paid-up.

During the financial year under review, there have been no changes in the authorised, issued or paid up capital.

Retained earnings:
The movement is as follows:

	EUR	EUR
	30.06.2016	31.12.2015
Opening balance	399,827	370,784
Appropriation result previous year	19,786	29,043
Closing balance	419,613	399,827

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:

Comparison market value to nominal value:

30.06.2016	Fair value	Nominal value
	EUR	EUR
- Up to 1 year	17,302,593,789	19,062,521,172
- From 1- 5 years	19,648,044,644	22,700,462,175
- Exceeding 5 years	12,561,513,405	12,041,022,904
Total as per June 30, 2016	49,512,151,838	53,804,006,251

31.12.2015	Fair value	Nominal value
	EUR	EUR
- Up to 1 year	12,802,271,892	14,226,023,016
- From 1- 5 years	17,234,733,656	19,128,380,188
- Exceeding 5 years	13,003,790,678	12,420,657,770
Total as per December 31, 2015	43,040,796,226	45,775,060,974

Specification (fair value) based on method of valuation

30.06.2016	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Warrants				
underlying shares	0	889,699,706	766,091,533	1,655,791,239
underlying indices	0	963,889,164	549,212,035	1,513,101,199
underlying currencies	0	16,018,746	12,100,623	28,119,369
underlying commodities	0	33,923,490	0	33,923,490
underlying funds	0	10,635	278,508	289,143
underlying credits	0	641,043	0	641,043
underlying interest rates	0	17,538	0	17,538
	0	1,904,200,322	1,327,682,699	3,231,883,021
Certificates				
underlying shares	0	4,760,453,432	798,297,622	5,558,751,054
underlying indices	0	17,938,927,189	6,133,238,471	24,072,165,660
underlying currencies	0	224,533,368	36,531,618	261,064,986
underlying commodities	0	746,881,868	122,408,973	869,290,841
underlying funds	0	21,966,340	343,088,765	365,055,105
underlying credits	0	9,576,179,787	0	9,576,179,787
underlying interest rates	0	601,182,751	0	601,182,751
	0	33,870,124,735	7,433,565,449	41,303,690,184
MTN’s				
underlying shares	0	203,901,563	34,724,837	238,626,400
underlying indices	0	3,506,165,183	1,151,564,524	4,657,729,707
underlying currencies	0	7,789,639	0	7,789,639
underlying credits	0	27,531,577	0	27,531,577
underlying interest rates	0	44,901,310	0	44,901,310
	0	3,790,289,272	1,186,289,361	4,976,578,633
Total per 30 June 2016	0	39,564,614,329	9,947,537,509	49,512,151,838

31.12.2015	**Level 1** EUR	**Level 2** EUR	**Level 3** EUR	**Total** EUR
Warrants				
underlying shares	0	1,006,187,797	1,006,525,267	2,012,713,064
underlying indices	0	764,985,498	546,967,763	1,311,953,261
underlying currencies	0	16,784,950	2,470,694	19,255,644
underlying commodities	0	36,889,419	68	36,889,487
underlying funds	0	120,512	326,536	447,048
underlying credits	0	970,922	0	970,922
underlying interest rates	0	135,126	0	135,126
	0	1,826,074,224	1,556,290,328	3,382,364,552
Certificates				
underlying shares	0	4,862,208,289	956,346,755	5,818,555,044
underlying indices	0	17,320,580,396	7,267,732,416	24,588,312,812
underlying currencies	0	458,547,696	41,906,761	500,454,457
underlying commodities	0	606,955,662	161,114,014	768,069,676
underlying funds	0	20,195,799	371,987,732	392,183,531
underlying credits	0	2,616,031,768	0	2,616,031,768
underlying interest rates	0	459,757,403	0	459,757,403
	0	26,344,277,013	8,799,087,678	35,143,364,691
MTN's				
underlying shares	0	82,321,363	3,809,019	86,130,382
underlying indices	0	3,226,086,772	1,202,849,829	4,428,936,601
	0	3,308,408,135	1,206,658,848	4,515,066,983
Total per 31 December 2015	0	31,478,759,371	11,562,036,855	43,040,796,226

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 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 3,127. The rates for the financial year 2016 are 20% and 25%. The effective rate for the period is 20%.

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 director of the Company will charge a management fee of EUR 30,000 over the reporting period (over the first six months of 2015: EUR 31,092).

A fee of EUR 20,000 will be charged by Mazars Paardekooper Hoffman Accountants N.V. to the Company for the financial year 2016 as audit fee (2015: 20,000 EUR). No additional amount has been charged to the Company during the reporting period for audit-related fees (2015: EUR 13,750).

Commitments, contingencies and off-balance items
The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 912,123,959 (2015: EUR: 505,000,207).

Employees
The Company employs no personnel.

Amsterdam, 15 September 2016
The Managing Director,

Signed by
BNP Paribas Finance B.V.

OTHER INFORMATION

STATUTORY ARRANGEMENTS CONCERNING THE APPROPRIATION OF PROFITS

In accordance with article 20 of the articles of association of the Company, profits are at the disposal of the general meeting of shareholders.

SUBSEQUENT EVENTS

No subsequent events have occurred.

REVIEW

The review report is included on the next page.

REVIEW REPORT

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

INTRODUCTION

We have reviewed the accompanying interim financial information of BNP Paribas Arbitrage Issuance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2016, 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 OF REVIEW

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 interim financial information for the six-month period ended 30 June 2016 , is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, 20 September 2016

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

w.s. J.C. van Oldenbeek MSc RA

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MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.
WITH ITS REGISTERED OFFICE IN ROTTERDAM (TRADE REGISTER ROTTERDAM NR. 24402415).