BNP PARIBAS ISLAMIC ISSUANCE B.V.

Herengracht 595
1017 CE Amsterdam, the Netherlands
Chamber of Commerce Amsterdam no. 34249123

Annual report for the year ended 31 December 2023

Independent auditor

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands

BNP PARIBAS ISLAMIC ISSUANCE B.V.

Contents Page

Directors' Report

The Directors present their report and the audited financial statements of BNP Paribas Islamic Issuance B.V. for the year ended 31 December 2023.

Principal activity of the company

BNP Paribas Islamic Issuance B.V. ('the Company') was incorporated on 29 May 2006 under the law of the Netherlands.

The principal activity of the Company is the issuance of structured products approved by the Shari'a Board of BNP Paribas and to enter into hedging agreements with other BNP Paribas companies to hedge against various risks.

IFRS-EU adoption

The Company has applied IFRS-EU for the first time in the financial statements for the year ended 31 December 2022. The date of transition to IFRS-EU is 1 January 2021. All financial information presented in these financial statements are prepared in compliance with IFRS-EU.

Consequently, an appropriate reclassification of previous-GAAP assets and liabilities has taken place and it has been reflected in these financial statements for the year ended 31 December 2022.

The transition from previous-GAAP to IFRS-EU standards did not affect the Company's reported financial position, financial performance and cash flows. As a result no IFRS 1 disclosure bridges with previous Dutch GAAP have been presented. The adoption of IFRS has resulted in additional disclosures required under IFRS that were not required under Dutch GAAP (for example additional disclosures required by IFRS 13, IFRS 7 and IFRS 1). All mandatory IFRS 1 exceptions have been followed and no exemptions are used.

Review of business

During the year, the Company continued to issue structured products to private investors worldwide. The proceeds from the sale of the structured products were used to fund the activities of other BNP Paribas S.A. undertakings through certain economic hedging arrangements. The principal purpose of these hedging arrangements is to hedge the Company against various risks associated with the structured product issuance activity. The Company's ultimate controlling company is BNP Paribas S.A.

Strategy and future outlook

The company is the issuer of (Shari'a based) structured products of BNP Paribas Group. The Company operates on all platforms of Global Markets (Europe and Asia). It is a wholly-owned subsidiary of BNP Paribas S.A. (the Parent) and is fully guaranteed in respect of all its obligations by BNP Paribas S.A. The Company issues secured or unsecured certificates, notes or warrants. The issued securities can be listed or not on regulated or unregulated markets.

No securities issued by the Company are listed on regulated markets currently. It is expected that the Company will continue to issue structured products.

The Company did not engage in any research and development activities, investment nor financing activities during 2023 other than those already disclosed in this report, and is not expected to do so during the following year.

Principal risks and uncertainties

The Company's activities are exposed to various risks, which are managed using BNP Paribas' risk management framework. The Company has a low risk appetite and does not enter into unhedged economic positions.

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 companies 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 and other BNP Paribas Group companies. Taking into consideration the objectives and activities of the Company and the fact that the BNP Paribas Group is under the supervision of the European Central Bank and the Autorité de controle prudentiel et de résolution, Paris, the Directors consider these risks as acceptable. The long term senior debt of BNP Paribas S.A. 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 and other BNP Paribas Group companies.

Operating result and dividends

The results for the year ended 31 December 2023 are set out on page 7 and show the Company's profit for the Financial year after taxation is 13,226 EUR for 2023 (11,319 EUR for 2022).

No dividends were paid or proposed during the year 2022 and the year 2023.

Directors

The Director of the Company who served from the start of the year 2023 and up to 20 December 2023 was BNP Paribas Finance B.V.

From 20 December 2023 and up to the date of signing the financial statements, the Directors of the Company were:

Edwin Herskovic
Cyril Le Merrer
Folkert Van Asma
Geert Lippens
Matthew Yandle

The Directors mentioned above are together authorised to represent the Company. The Directors of the Company are employed by the Company.The number of employees is expected to remain stable during the following year.

Statement under the Transparency Directive (as implemented in Dutch law)

According to the Board’s best knowledge based on International Financial Reporting Standards (IFRS-EU) as endorsed by the European Union, the attached financial statements present a true and fair view of the assets, liabilities, financial position, and profit of the Company for the year ended 31 December 2023. Accordingly, the annual report, including the directors' report and the financial statements, provides a true and fair reflection of the Company's position as at 31 December 2023.

As BNP Paribas S.A. fulfils the requirements at group level, the Company is exempted from establishing its own Audit Committee under Article 3a of the Royal Decree of 26 July 2008 adopting EU Directive 2006/43EG. In accordance with the recommendations of the EU Commission, BNP Paribas S.A. has an Audit Committee that is made of independent directors who are not members of the Executive committee.

Independent auditors

The financial statements for the year ended 31 December 2023 have been audited by Deloitte Accountants B.V., external auditor of the Company.

Amsterdam, 9 July 2024

The Board of Directors,

Signed by

Cyril Le Merrer

Edwin Herskovic

Financial statements
(before profit appropriation)

Balance Sheet

	Notes	31 December 2023	31 December 2022
Assets			
		€	€
Non-Current Assets			
Financial assets held at fair value through profit and loss	4.1	150,657,322	158,529,891
Total Non-Current Assets		**150,657,322**	**158,529,891**
Current Assets			
Financial assets held at fair value through profit and loss	4.2	118,062,280	195,609,541
Trade and other receivables		75,349	79,610
Current tax asset	4.3	-	102
Cash and cash equivalents	4.4	56,484	138,003
Total Current Assets		**118,194,112**	**195,827,257**
Total Assets		**268,851,434**	**354,357,148**
Liabilities			
Non-Current Liabilities			
Financial liabilities designated at fair value through profit or loss	4.5	150,657,322	158,529,891
Total Non-Current Liabilities		**150,657,322**	**158,529,891**
Current Liabilities			
Financial liabilities designated at fair value through profit or loss	4.6	118,062,280	195,609,541
Trade and other payables	4.7	31,027	131,169
Current tax liabilities	4.8	863	-
Total Current Liabilities		**118,094,169**	**195,740,710**
Total Liabilities		**268,751,491**	**354,270,601**
Equity			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	4.9	18,000	18,000
Share premium reserve		-	-
Legal reserve		-	-
Retained earnings		81,942	68,547
Total Equity	4.10	**99,942**	**86,547**
Total Liabilities and Equity		**268,851,434**	**354,357,148**

Income Statement

	Notes	31 December 2023	31 December 2022
		€	€
Net income on financial instruments at FVPL		-	-
Net income on financial instruments at amortised cost		-	-
Fee income and other income		159,447	146,486
Other income		-	-
Operating expenes		-144,653	-132,372
Net foreign exchange (loss)/gain		-	-
Operating profit	**4.11**	**14,794**	**14,114**
Bank costs and similar charges		1,535	-797
Profit before corporate income tax		**16,329**	**13,317**
Corporate income tax	4.12	-3,102	-1,998
Profit for the year attributable to equity shareholders (parent)		**13,226**	**11,319**

Statement of Comprehensive Income

There were no other items of comprehensive income or expense other than the profit for the financial year shown above. As a result, the profit for the financial year represents total comprehensive income.

The notes on pages 9 - 29 form an integral part of the financial statements.

Statement of Changes in Equity

Changes for the year 2023	Share Capital	Share Premium Reserve	Legal Reserve	Retained Earnings	Undistributed profit	Total
	€	€	€	€	€	€
Balance as at 1 January 2022	**18,000**	**-**	**-**	**57,188**	**-**	**75,188**
Profit for the period	-	-	-	11,528	-	11,528
Balance as at 31 December 2022	**18,000**	**-**	**-**	**68,716**	**-**	**86,716**
Balance as at 1 January 2023	18,000	-	-	68,716	-	86,716
Profit for the period	-	-	-		13,226	13,226
Balance as at 31 December 2023	**18,000**	**-**	**-**	**68,716**	**13,226**	**99,943**

Statement of Cash Flows

Cash and cash equivalents refers to the line item on the balance sheet that reports the value of the Company's assets that are cash or can be converted into cash immediately. Cash equivalents include merely bank accounts.

	Notes	31 December 2023	31 December 2022
Cash flow from operating activities		€	€
Received reimbursed issuing expenses		-	5,590
Received reimbursed operating expenses		176,768	110,434

Paid issuing expenses	-5,590	-30
Paid operating expenses	-281,130	-40,496
Net Received/Paid taxes	28,433	19,516
Cash flow from / (used in) operating activities	**-81,520**	**95,014**
Net increase/(decrease) in cash and cash equivalents	-81,520	95,014
Net cash and cash equivalents at the beginning of the year	138,003	42,989
Net cash and cash equivalents at the end of the year	**56,484**	**138,003**

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

Notes to the financial statements

1. GENERAL INFORMATION

BNP Paribas Islamic Issuance B.V. (the Company), having its registered address in Amsterdam, was incorporated under the law of the Netherlands on 29 May 2006 as a private limited liability company.

The Company is registered at the Chamber of Commerce Amsterdam with no. 34249123.

The principal activity of the Company is the issuance of structured products approved by the Shari'a Board of BNP Paribas and to enter into hedging agreements with other BNP Paribas companies to hedge against various risks.

All outstanding shares of the Company are owned by BNP Paribas S.A., France (direct and ultimate parent). The Company is a fully consolidated company of the BNP Paribas Group. The financial statements of BNP Paribas S.A. can be found on the website group.bnpparibas.com.

The Company's main activity is the issuance of structured products comprising certificates, warrants and notes, and the hedging of associated risks through hedging agreements with other BNP Paribas companies. The valuation of a structured product will have no impact on the income statement, capital or net assets since the change in valuation of a structured product will have an equal offsetting change in the value of the hedging transaction with other BNP Paribas companies.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted within the EU (hereinafter IFRS-EU) and with Part 9 of Book 2 of the Netherlands Civil Code.

All amounts are stated in euros, the reporting currency which is also the functional currency of the Company, unless stated otherwise.

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

Accounting convention

The accounts are prepared under the historical cost convention, except for the financial instruments that are measured at fair value.

Going concern basis

The Financial Statements have been prepared on a going concern basis. The Company has a master hedging agreement with BNP Paribas Group companies 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 companies to recharge its operating expenses at a margin of 10%.

Use of estimates and judgements

The preparation of the Financial Statements requires management to exercise its judgement, make 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.

In classifying a financial instrument in the valuation hierarchy, judgement is applied in determining whether one or more inputs are observable and significant to the fair value measurement. A financial instrument's categorisation within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. For instruments classified in levels 2 and 3, management judgement must be applied to assess the appropriate models and level of valuation adjustments.

Details on the Company's level 3 financial instruments are set out in the notes to the balance sheet.

Financial instruments

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The fair values of the hedging agreements are calculated the same way as their related issued securities.

Fair value

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 at the measurement date.

Fair value through profit or loss

Financial assets and financial liabilities are measured at fair value through profit or loss (FVTPL) if they are held for trading. A financial asset or a financial liability is defined as “held for trading” if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Designated at fair value through profit or loss

Financial assets and financial liabilities are designated as measured at fair value through profit or loss only if the designation:

- Eliminates or significantly reduces a measurement or recognition inconsistency;
- Or applies to a group of financial assets, financial liabilities or both that the Company manages and evaluates on a fair value basis;
- Relates to an instrument that contains an embedded derivative unless the embedded derivative does not significantly modify the cash flows required by the contract or when a similar hybrid instrument is considered that separation of the embedded derivative is prohibited.

Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset on the balances as at 31 December 2023.

Impairment of financial assets

The Company has a significant concentration of credit risks as all hedging contracts are acquired from its parent Company and other group companies. Taking into consideration the objectives 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, the Management Board considers these risks as acceptable. The long term senior debt of BNP Paribas Group is rated (A+) by Standard & Poor's and (Aa3) by Moody's.

Despite the significant credit risk, the Company does not impair its financial assets as the credit risk is fully transferred to its parent entity by entering into hedge agreements with BNP Paribas SA.

The Company does not hold any Traditional Credit Products (TCP) instruments. Non-TCP consists of financial assets measured at amortised cost which include trade and other receivables and cash instruments. The non-TCP are receivables from companies of the BNP Paribas Group.

Recognition of income and expenses

The net result of financial instruments includes capital gains or losses, currency results, interest income and expense or changes in fair value on the issued securities and related hedging contracts. As the Company enters into a swap agreement with a BNP Paribas Group Company and an OTC option on exactly the same terms and conditions of the issued security or a collateral arrangement on each issue of securities, there is a complete hedge of the economic risk of the Company. Therefore, the net result of the financial instruments equals zero and is recorded on a net basis. The gross results on fair value measuring and interest income / costs will be presented separately (see note 4.11).

Fee income, other income and operating 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 entered into with companies of the BNP Paribas Group. 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 to the Company.

Net result financial instruments

The net result for financial instruments 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 on 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 financial instruments equals zero and is recorded on a net basis.

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 the 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 swap agreements 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 the Profit and Loss for the period is calculated by applying the applicable rates for the financial year. Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits with banks, net of outstanding bank overdrafts, along with highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Share capital

The share capital of the Company consists of ordinary shares, classified as equity.

3. PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the direct method and consists of cash only.

Netting agreements between the Company and the BNP Paribas Group companies have been drawn up for all cash flows resulting from securities and hedging agreements to avoid that payments have to be made for these flows.

4. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Measurement of the fair value of financial instruments

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. The BNP Paribas Group companies have agreed to purchase the securities at the same time. The BNP Paribas Group companies distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the investors.

The 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 maximise 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 selected 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.

When issued, securities are publicly offered or privately placed. Sometimes, privately placed securities are listed on 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 on the balance sheet because the accrued interest is part of the market value of the derivatives as disclosed on 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 4.19.

Description of the main instruments on each level

The following section provides a description of the instruments at each level in the 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: the Level 2 stock of securities is composed of securities which are less liquid than Level 1 securities. 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.

Derivatives classified in Level 2 comprise mainly the following instruments:

- Vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/commodities forwards and options;

- Structured derivatives for which model uncertainty is not significant, such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;

- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;

- Fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an “observability zone” whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

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 the illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there is 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 year's end; the future values may differ.

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty about liquidity, specialised by the nature of underlying and liquidity bands.

Structured derivatives classified in Level 3 predominantly comprise structured derivatives, of which are hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment sensitive products, some stock basket optional products and some interest rate optional instruments.

The table below presents the assets and liabilities reported at fair value by major product category and fair value hierarchy.

At 31 December 2023	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets held at fair value through profit and loss:				
Funded and unfunded OTC as well as reverse repurchase agreements	-	236,469,975	32,249,627	268,719,602
Non-current assets (remaining maturity over 1 year)				*150,657,322*
Current assets (remaining maturity less than 1 year)				*118,062,279*
Total Financial Assets	**-**	**236,469,975**	**32,249,627**	**268,719,602**
Financial liabilities designated at fair value through profit or loss:				
Medium term notes and Certificates	-	236,469,975	32,249,627	268,719,602
Non-current liabilities (remaining maturity over 1 year)				*150,657,322*
Current liabilities (remaining maturity less than 1 year)				*118,062,279*
Total Financial Liabilities	**-**	**236,469,975**	**32,249,627**	**268,719,602**

At 31 December 2022	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets held at fair value through profit and loss:				
Funded and unfunded OTC as well as reverse repurchase agreements	-	224,815,670	129,323,762	354,139,432
Non-current assets (remaining maturity over 1 year)				*41,102,525*
Current assets (remaining maturity less than 1 year)				*195,609,541*
Total Financial Assets	**-**	**224,815,670**	**129,323,762**	**354,139,432**

Financial liabilities designated at fair value through profit or loss:				
Medium term notes and Certificates	-	224,815,670	129,323,762	354,139,432
Non-current liabilities (remaining maturity over 1 year)				*41,102,525*
Current liabilities (remaining maturity less than 1 year)				*195,609,541*
Total Financial Liabilities	**-**	**224,815,670**	**129,323,762**	**354,139,432**

Valuation process

BNP Paribas Group has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuation of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value, to which valuation adjustments may be added.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market.

Fair value generally equals economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

4.1 Financial assets held at fair value through profit and loss (Non-current).

Financial assets held at fair value through profit or loss consist of derivatives and non-derivative financial instruments (funded and unfunded OTC as well as reverse repurchase agreements) with a remaining maturity of more than 1 year. Below is the relevant balance.

Financial assets held at fair value through profit and loss	31 December 2023	31 December 2022
	€	€
Non-current assets (remaining maturity over 1 year)	150,657,322	158,529,891

4.2 Financial assets held at fair value through profit and loss (Current)

Financial assets held at fair value through profit or loss consist of derivatives and non-derivative financial instruments (funded and unfunded OTC as well as reverse repurchase agreements) with a remaining maturity up to 1 year. Below is the relevant balance.

Financial assets held at fair value through profit and loss	31 December 2023	31 December 2022
	€	€
Current assets (remaining maturity lower than 1 year)	118,062,280	195,609,541

4.3 Trade and other receivables

Trade and other receivables include only amounts falling due within one year.

Since the exposure basically is to BNP Paribas, the Expected Credit Loss ("ECL") can be disregarded as not significant.

	31 December 2023	31 December 2022
	€	€
Amounts falling due within one year		
Amounts owed by intragroup companies	75,349	38,324
Trade and other receivables (others)	-	41,287
Total	**75,349**	**79,611**

<u>Current tax asset</u>

There are no current tax assets at the date of the reporting period.

4.4 Cash and cash equivalents

The balance stated below considers the position with regard to current bank accounts held by BNP Paribas.

	31 December 2023	31 December 2022
	€	€
Cash receivables	-	-
Cash held with BNP intragroup companies	56,484	138,003
Cash held with third parties	-	-
Bank overdraft	-	-
Balances due to BNP Paris intragroup companies	-	-
Balances due to third parties	-	-
Net cash and cash equivalents as reported in the cash flow statement	**56,484**	**138,003**

4.5 Financial liabilities designated at fair value through profit or loss (Non-current)

Financial liabilities designated at fair value through profit or loss consist of medium-term notes and certificates with a remaining maturity of more than 1 year. Below is the relevant balance.

Financial liabilities designated at fair value through profit or loss	**31 December 2023**	**31 December 2022**
	€	€
Non-current liabilities (remaining maturity over 1 year)	150,657,322	158,529,891

4.6 Financial liabilities designated at fair value through profit or loss (Current)

Financial liabilities designated at fair value through profit or loss consist of medium-term notes and certificates with a remaining maturity up to 1 year. Below is the relevant balance.

Financial liabilities designated at fair value through profit or loss	**31 December 2023**	**31 December 2022**
	€	€
Current liabilities (remaining maturity lower than 1 year)	118,062,280	195,609,541

4.7 Trade and other payables

Trade and other payables consist of amounts falling due within one year.

	31 December 2023	**31 December 2022**
	€	€
Amounts falling due within one year		
Amounts owed to intragroup companies	15,847	98,868
Trade and other payables (others)	15,180	32,301
Total	**31,027**	**131,169**

4.8 Current tax liability

The current tax liabilities consists of tax payables due to the Dutch Tax Authority.

	31 December 2023	**31 December 2022**
	€	€
Corporate income tax	863	-102
Total	**863**	**-102**

4.9 Share capital

The authorised and issued share capital is fully paid. The relevant amounts are stated below.

Authorised share capital	**31 December 2023**	**31 December 2022**
	€	€
18,000 ordinary shares of €1.00 each	18,000	18,000

Issued and fully paid share capital	31 December 2023	31 December 2022
	€	€
18,000 ordinary shares of €1.00 each	18,000	18,000

4.10 Total equity (managed capital)

The Company's managed capital as at 31 December 2023 consists entirely of its issued share capital of EUR 18,000, retained earnings of 68,716 EUR and profit for the year of 13,226 with a total capital of 99,942 EUR.

There are no external requirements applicable with regard to the Company's managed capital.

4.11 Operating profit

Net income on financial instruments at fair value through Profit and Loss

Net income on financial instruments measured at fair value through profit and loss include all profit and loss items relating to financial instruments held at fair value through profit and loss and financial instruments designated at fair value through profit and loss.

Fee income and other income

Fee income and other income include recharged operating expenses increased with an up-count of 10%, based on cost plus agreements with BNP Paribas Group companies concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas Group companies:

- BNP Paribas S.A. receives all fee and commission income from its other businesses.
- The Company reimburses all fees and commission expenses that are paid by other BNP Paribas.

Auditor's remuneration

	31 December 2023	31 December 2022
	€	€
Audit fees	47,437	32,500

4.12 Corporate income tax

	31 December 2023	31 December 2022
	€	€
Current tax	3,102	1,998
Tax on profit on ordinary activities	**3,102**	**1,998**
Profit for the year before tax	16,329	13,317
Tax calculated at applicable tax rates	3,102	1,998
Income tax expense	**3,102**	**1,998**

The standard tax rate in the Netherlands is 25.8% (2022: 25.8%). A tax rate of 19% (2022: 15%) is applied to the first 200,000 EUR (2022: 395,000 EUR). The effective tax rate is therefore 19% in 2023.

4.13 Related party transactions

Related parties consist of:

- Directors and shareholders of the Company
- Other BNP Paribas Group companies

Key Management personel remuneration

The Director of the Company who served from the start of the year 2023 and up to 20 December 2023 was BNP Paribas Finance B.V. Over this period, BNP Paribas Finance B.V. charged a management fee of 7,458 EUR (2022: 4,000 EUR).

In 2023, the Company appointed 5 Directors in replacement of BNP Paribas Finance B.V. The Directors are employed by the Company and received a total remuneration of 15,521 EUR for 2023 (nil for 2022).

The scope of Key management personel per IAS 24 paragraph 17 is the same as the scope of art. 2:383 of DCC. There are no loans, advanced payments and guarantees granted to the Directors.

As at 31 December 2023, the Company has 5 employees, among which 3 are based in the Netherlands and 2 outside of the Netherlands.

The Company does not have supervisory board.

Related party transactions with other BNP Paribas Group companies

Outstanding balances	**31 December 2023**	**31 December 2022**
	€	€
Financial assets held at fair value through profit or loss	268,719,602	354,139,432
Trade and other receivables	75,349	79,610
Cash and cash equivalents	56,484	138,003
Trade and other payables	-15,847	-98,868
Total	**268,835,587**	**354,258,177**

Income and expenses	**31 December 2023**	**31 December 2022**
	€	€
Fee income	159,447	146,486
Other income		
Operating expenses	-100,551	-100,000
Bank costs and similar changes	1,535	-797
Total	**60,431**	**45,689**

For the off-balance related party transactions, reference is made to note 8: Commitments contingencies and off-balance items.

4.14 Valuation adjustments (CVA and DVA)

Credit Valuation Adjustment

Financial assets held at fair value through profit and loss predominantly represent derivatives and fully funded OTC financial instruments with other BNP Paribas companies. Credit valuation adjustments (“CVA”) are necessary to reflect counterparty credit quality in the valuation of assets measured at fair value.

CVA for financial assets at fair value through profit and loss for the year 2023 is a gain amounting to 481,148 EUR (a loss of 512,082 EUR for 2022) which is fully offset by an equal and opposite amount in financial liabilities at fair value through profit or loss.

Debit Valuation Adjustment

Debit valuation adjustments are necessary to reflect the credit quality of the Company in the valuation of such financial liabilities at fair value through profit and loss. The directors consider that the Company is fully hedged and that there would, in the normal course of business, be no impact on the results of the Company due to movements in the fair value of the financial liabilities at fair value through profit or loss.

The amount of change attributable to changes in its own credit and funding risk in the financial liabilities at fair value through profit or loss and held at fair value through profit or loss for the year 2023 is a loss amounting to 481,148 EUR (a gain of 512,082 EUR for 2022). This is fully offset by an equal and opposite amount in financial assets at fair value through profit or loss.

5. NOTES TO THE CASH FLOW STATEMENT

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. Netting agreements between the Company and the BNP Paribas Group companies 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 therefore have no impact on the cash flow of the Company.

Received interest and paid interest and fees

These cash flows relate to repack transactions (notes issued by the Company backed by bonds). The Company receives monthly interest and pays fees to the BNP Paribas Group companies. The remainder is paid as interest to the noteholders. The relevant amount with regard to 2023 is 64,351,690 EUR for interest income as well as interest expenses (43,288,219 EUR for the year 2022).

6. FINANCIAL RISK MANAGEMENT

Risk management is central to the banking business and is one of the cornerstones of operations for the BNP Paribas Group. BNP Paribas Group has an internal control system covering all types of risks to which the Group may be exposed, organised around three lines of defence:

- As the first line of defence, internal control is the business of every employee, and the heads of the operational activities are responsible for establishing and running a system for identifying, assessing and managing risks according to the standards defined by the functions exercising independent control in respect of the second line of defence.

- The main control functions within BNP Paribas ensuring the second line of defence are the Compliance and Risk Functions. Their heads report directly to the Chief Executive Officer of BNP Paribas Group and account for the performance of their missions to the Board of directors via its specialised committees.

- General Inspection provides a third line of defence. It is responsible for periodic control.

The BNP Paribas Group has a strong risk and compliance culture. Executive Management has chosen to include the risk culture in three of its key corporate culture documents:

- Code of conduct: The Group adopted a new Code of conduct in 2016. It applies to all employees and defines the rules for our conduct in line with the core values of our corporate culture. For example, employees are reminded in the Code of conduct that the Group’s interests are protected by responsible risk-taking in a strict control environment. The Code of conduct also includes rules for protecting customers’ interests, financial security, market integrity and professional ethics, which all play an important role in mitigating compliance and reputation risks.

- Responsibility Charter: Executive Management drew up a formal Responsibility Charter, inspired by the Group’s core values (the “BNP Paribas Way”), management principles and code of conduct. One of the four commitments is “Being prepared to take risks, while ensuring close risk control”. The Group sees rigorous risk control as part of its responsibility, both to clients and to the financial system as a whole. The Bank’s decisions on the commitments it makes are reached after a rigorous and concerted process, based on a strong, shared risk culture which pervades all levels of the Group. This is true both for risks linked to lending activities, where loans are granted only after in-depth analysis of the borrower’s situation and the project to be financed, and for market risks arising from transactions with clients – these are assessed on a daily basis, tested against stress scenarios, and subject to limits. As a strongly diversified group, both in terms of geography and businesses. BNP Paribas is able to balance risks and their consequences as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise another in the Bank.

- The Group’s mission and commitments: The mission of BNP Paribas is to finance the economy and advise its clients, by supporting them with their projects, their investments, and the management of their savings, guided by strong ethical principles. Through these activities, BNP Paribas wants to have a positive impact on stakeholders and on society, and be one of the most trustworthy players in the sector. BNP Paribas’ 12 commitments as a Responsible Bank include in particular the commitment to apply the highest ethical standards and rigorously manage environmental, social, and governance risks.

The following sections outline the key risks that are inherent in the Company’s business activities.

Credit risk

BNP Paribas Group’s credit risk is defined as the probability of a borrower or counterparty defaulting on its obligations to the BNP Paribas Group. Probability of default along with the recovery rate of the loan or debt in the event of default are essential elements in assessing credit quality. In accordance with the European Banking Authority recommendations, this category of risk also includes risks on equity investments, as well as those related to insurance activities.

The Company has a significant concentration of credit risks as all hedging contracts are acquired from its parent Company and other group companies. Taking into consideration the objectives 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 resolution, Paris, Management Board considers these risks as acceptable. The long term senior debt of BNP Paribas Group is rated (A+) by Standard & Poor’s and (Aa3) by Moody’s.

Expected credit losses (‘ECLs’) related to the assets at amortised cost can be disregarded as not significant, since these relate to a reverse repo with BNP Paribas Group and are collateralised by government bonds. The counterparty has a low probability of default and in the event of default the loss given default is expected to be limited (due to the collateral), accordingly the ECL is regarded as not significant.

The maximum exposure to credit risk (“gross credit exposure”) of the Company as at the reporting date is the carrying amount of the financial assets held in the statement of financial position. The table below includes financial instruments subject to ECL and not subject to ECL. Those financial instruments that bear credit risk but are not subject to ECL are subsequently measured at fair value. Where the Company enters into credit enhancements, including receiving cash as collateral and master netting agreements, to manage the credit exposure on these financial instruments, the financial effect of the credit enhancements is also disclosed below. The net credit exposure represents the credit exposure remaining after the effect of the credit enhancements.

Collateral and other credit enhancements

The Company has not entered into collateral arrangements.

31 December 2023	Gross credit exposure	Credit enhancements	Net credit exposure
Class	€	€	€
Subject to ECL			
Trade and other receivables	75,349	-	75,349
Cash and cash equivalents	56,484	-	56,484
Not subject to ECL			
Financial assets at fair value	268,719,602	-	268,719,602
Total assets	**268,851,434**	**-**	**268,851,434**

31 December 2022	Gross credit exposure	Credit enhancements	Net credit exposure
Class	€	€	€
Subject to ECL			
Trade and other receivables	79,610	-	79,610
Current tax asset	102	-	102
Cash and cash equivalents	138,003	-	138,003
Not subject to ECL			
Financial assets at fair value	354,139,432	-	354,139,432
Total assets	**354,357,148**	**-**	**354,357,148**

Market risk

The BNP Paribas Group's market risk is the risk of loss of value caused by an unfavourable trend in prices or market parameters. The parameters affecting market risk include, but are not limited to exchange rates, prices of securities and commodities (whether the price is directly quoted or obtained by reference to a comparable asset), the price of derivatives on an established market and all benchmarks that can be derived from market quotations such as interest rates, credit spreads, volatility or implicit correlations or other similar parameters.
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 the BNP Paribas Group companies and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to honour its commitments or unwind or offset a position due to market conditions or specific factors within a specified period of time and at a reasonable cost. It reflects the risk of not being able to cope with net cash outflows, including collateral requirements, over short- to long-term horizons. The Company has liquidity risk exposures, but has netted this exposure by entering into netting agreements with its parent Company and other group companies.

In the following maturity analysis of financial assets and financial liabilities, derivative contracts and other financial instruments held at FVTPL are disclosed according to their earliest contractual maturity; all such amounts are presented at their fair value, consistent with how these financial instruments are managed. All other amounts represent undiscounted cash flows receivable and payable by the Company arising from its financial assets and financial liabilities to the earliest contractual maturities as at the reporting dates. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from these financial assets and financial liabilities, presented in a way that is consistent with how the liquidity risk in these financial assets and financial liabilities is managed by the Company.

The below breakdown of maturity is calculated based on remaining contractual maturity dates.

31 December 2023

Financial assets as at 31 December 2023	**On demand**	**Less than 1 year**	**1 year - 2 years**	**2 years - 5 years**	**Greater than 5 years**	**Total**
	€	€	€	€	€	€
Financial assets held at fair value through profit and loss	-	118,062,279	25,285,509	113,773,422	11,598,391	268,719,602
Trade and other receivables	-	75,349	-	-	-	75,349
Current tax asset	-	-	-	-	-	-
Cash and cash equivalents	56,484	-	-	-	-	56,484
Total finanicial assets	**56,484**	**118,137,628**	**25,285,509**	**113,773,422**	**11,598,391**	**268,851,434**

Financial liabilities as at per 31 December 2023	**On demand**	**Less than 1 year**	**1 year - 2 years**	**2 years - 5 years**	**Greater than 5 years**	**Total**
	€	€	€	€	€	€
Financial liabilities designated at fair value through profit or loss	-	118,062,279	25,285,509	113,773,422	11,598,391	268,719,602
Trade and other payables	-	31,027	-	-	-	31,027
Current tax liabilities	-	863	-	-	-	863
Total financial liabilities		**118,094,169**	**25,285,509**	**113,773,422**	**11,598,391**	**268,751,491**

31 December 2022

Financial assets as at 31 December 2022	**On demand**	**Less than 1 year**	**1 year - 2 years**	**2 years - 5 years**	**Greater than 5 years**	**Total**
	€	€	€	€	€	€
Financial assets held at fair value through profit and loss	-	195,609,541	57,934,263	88,079,153	12,516,475	354,139,432
Trade and other receivables	-	79,610	-	-	-	79,610
Current tax asset	-	102	-	-	-	102
Cash and cash equivalents	138,003	-	-	-	-	138,003
Total finanicial assets	**138,003**	**195,689,253**	**57,934,263**	**88,079,153**	**12,516,475**	**354,357,147**

Financial liabilities as at 31 December 2022	On demand	Less than 1 year	1 year - 2 years	2 years - 5 years	Greater than 5 years	Total
	€	€	€	€	€	€
Financial liabilities designated at fair value through profit or loss	-	195,609,541	57,934,263	88,079,153	12,516,475	354,139,432
Trade and other payables	-	131,209	-	-	-	131,209
Total finanicial liabilities	**-**	**195,740,750**	**57,934,263**	**88,079,153**	**12,516,475**	**354,270,641**

7. NON-FINANCIAL RISK MANAGEMENT

Compliance risk

Compliance risk is defined as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by leaders, particularly in application of guidelines issued by a supervisory body. The compliance risk is a sub-category of operational risk. Moreover, certain of its implications can involve more than a purely financial loss and may actually damage the institution's reputation. Reputation risk is the risk of damaging the Group's image, the trust placed in a corporation by customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations. Reputation risk is primarily contingent on all the other risks borne by the Group, specifically the effective or potential materialisation of a credit, market risk, an operational, compliance, environmental, social or legal risk, as well as any violation of a law, a regulation of the Group's Code of conduct or procedure. Responsibility for controlling the risk of non-compliance lies primarily with the activities and business lines. In this context, the Compliance Function manages the system for monitoring non-compliance risks for the scope of all of the Group's businesses in France and abroad. Hierarchically integrated on a global basis. Compliance brings together all employees reporting to the function. Compliance is organised based on its guiding principles (independence, integration, decentralisation and subsidiarity of the function, dialogue with the business lines, a culture of excellence) through local teams.

Legal risk

The Group Legal Function is an independent function of the BNP Paribas Group and is hierarchically integrated with all the Group's legal teams. Group Legal is responsible for interpreting the laws and regulations applicable to the Group's activities and for providing legal guidance and advice to the Group in a manner that meets the highest standards of excellence and integrity. Group Legal is responsible for legal risk management. The Group Legal Function provides Executive Officers and the Board of directors of the Group with reasonable assurance that legal risks are monitored, controlled and mitigated at the Group level. It is responsible for the management (including prevention) of legal risks within the Group through its advisory and control roles. Legal risk refers to the potential loss to the BNP Paribas Group, whether financial or reputational, which impacts or could impact one or more entities of the BNP Paribas Group and/or its employees, business lines, operations, products and/or its services, and results from:

- Non-compliance with a law or regulation or a change in law(s) or regulation(s) (including a change in the interpretation or application of a law or regulation by a court or competent authority and any requirement of any regulatory or supervisory authority).
- A dispute (including all forms of alternative/extrajudicial dispute resolution and court orders) or an investigation or inquiry by a regulatory or supervisory authority (with implications for Group Legal).
- A contractual deficienc.
- A non-contractual matter.

The Group Legal Function is responsible for:

- The prevention of any failure or deficiency in a legal process that may involve the risk of a penalty, reputational risk or financial loss, in all areas (legal risk by nature).
- Management of risk relating to a conflict with a counterparty, a customer, a third party or a regulatory body, resulting from a deficiency or default that could be attributable to the Group in the course of its operations (legal risk as a consequence).

Tax risk

In each country where it operates. BNP Paribas is bound by specific local tax regulations applicable to companies engaged, for example, in banking, insurance or financial services. The Tax Function ensures at a global level that the tax risk is managed throughout all of the transactions conducted by the Group. In view of the financial and reputational stakes. Finance and Compliance are involved in the tax risk monitoring process. The Group Tax Department carries out the tax function and calls on the assistance of tax managers in certain businesses and in the main geographical areas where the Group operates (as well as tax correspondents in other geographical areas where the Group operates). In ensuring the coherence of the Group's tax practices and the global tax risk monitoring, the Group Tax Department:

- Has drawn up procedures covering all divisions, designed to ensure that tax risks are identified, addressed and controlled appropriately.
- Has implemented a process of feedback aimed at contributing to the control of local tax risk.
- Reports to Executive Management on tax risk developments.
- Oversees tax-related operational risks and the internal audit recommendations fall within the Tax Function's scope of responsibility.

A Tax Coordination Committee, involving Finance and Compliance and, on an as-needed basis, the businesses, is tasked with analysing the main tax issues with respect to the transactions the Group performs.

Cybersecurity and Technology risks

The use and protection of data and technologies are determining factors for the Bank's activity and its transformation process. While the Bank continues the roll-out of Digital Banking (for the Group's customers and partners) and Digital Working (for the Group's employees), it must incorporate new technology and innovative risk management practices and establish new working practices. This introduces new technological risks in the cyber security arena. Technology management and information systems security is part of the Group's cyber security strategy. This strategy is focused on the preservation of the most sensitive data. regularly adapting both its internal processes and procedures, and its employee training and awareness to contend with increasingly sophisticated and varied threats.

To reinforce its technology and the protection of data, the Group has adopted a comprehensive approach to cyber security management through its three lines of defence:

- Operational entities are the first line of defence. Since 2015, the Group has introduced across all of the entities a transformation programme based on the international standard NIST (National Institute of Standards and Technology). This programme is regularly updated, taking into account new threats and recent incidents identified around the world.

- As a second line of defence, the team dedicated to managing cybersecurity and technological risk within RISK ORM and under the responsibility of the Group Chief Operational Risk Officer, is tasked with the following in relation to Operational Risk Officers:
  - Presenting the Group's cyber security and technology risk position to the Group Executive Committee, the Board of directors, and the supervisory authorities.
  - Monitoring the transformation programme across the entire group.
  - Integrating the cyber security and technology risk aspects into all major projects within the Group.

- Ensuring that policies, principles and major projects take aspects of cyber security and technology risk into consideration.
- Monitoring existing risks and identifying new threats are likely to have a negative impact on the Group's business.
- Overseeing third-party information systems risks within a strengthened framework.
- Conducting independent assessment campaigns on priority objectives.
- Taking measures to assess and improve the Group's ability to respond to failings and incidents.

- As the third line of defence, the role of General Inspection is to:
  - Assess the processes put in place to manage ICT risks (related to information and communication technologies), as well as associated controls and governance.
  - Check for compliance with laws and regulations.
  - Propose areas of improvement to support the mechanisms put in place.

The Group is responding to new technological and cybersecurity risks as follows:

- Availability and continuity risks: BNP Paribas relies heavily on communication and information systems across all its business activities. Any breach in the security of these systems could lead to failures or interruptions in the systems used to manage customer relations or to record transactions (deposits, services and loans) and could incur major costs to recover and verify compromised data. The Group regularly manages, and revises its crisis management and recovery plans (rate of existence of a business continuity plan validated at 31 December 2021: 89.08%), by testing its data recovery services and the robustness of its information systems, using various scheduled stress scenarios;

- Security risks: the Bank is vulnerable to cybersecurity risk, or risk caused by malicious and/or fraudulent acts, committed with the intention of manipulating information (confidential, bank/insurance, technical or strategic data), processes and users, which may result in material losses for the Group's subsidiaries, employees, partners and customers. The Group continually reassesses the threats as they evolve and mitigates risks detected at a good time by means of taking effective counter measures;

- Change-related risks: the Group's information systems are changing rapidly in the light of digital transformation. These risks, identified during the systems' design or modification phases, are regularly assessed to ensure that the proposed solutions are consistent with the needs of the Group's business lines;

- Data integrity risks: confidentiality of customer data and transaction integrity are areas covered by the same systems set up in response to Regulation (EU) No. 2016/679 of 27 April 2016 (General Data Protection Regulation – GDPR) intended to provide the Group's customers with a service that meets their expectations;

- Third-party information systems risks: the Bank is exposed to risks of financial default, breaches or operational capacity constraints when it interacts with third parties, including customers, financial intermediaries and other market operators. The Group's three lines of defence constitute the management framework of these risks at every step of integration until the end of the relationship with such third parties.

The Group deploys significant resources to identify, measure and control its risks and implements various techniques to manage its risk profile. The Covid outbreak in 2020 increased the Group's dependence on digital technologies. In order to have the capacity to work remotely and to allow the Group to continue operating despite the high risk of cybercrime, the Group invested in IT upgrades to increase the bandwidth of the network and ensure the stability of the remote access infrastructure. At the same time, teams in charge of cybersecurity have strengthened their surveillance capabilities to improve detection and respond to threats more quickly. The processes and tools in place were complemented with cyber security reviews and specific support to businesses along with communication of actions to employees.

8. COMMITMENTS CONTINGENCIES AND OFF-BALANCE ITEMS

The company has no commitements contingencies and off-balance items as at 31 December 2023.

9. SUBSEQUENT EVENTS

No subsequent event that could have significantly impacted the financial statements of the Company have occurred since 31 December 2023 and to the date of this report.

10. PROFIT APPROPRIATION

The Directors propose to the general meeting of shareholders to add the profit made by the Company during the year 2023 to the retained earnings. The financial statements do not reflect this proposal.

Board of Directors

Amsterdam, 9 July 2024
The Board of Directors,

Signed by

Cyril Le Merrer

Edwin Herskovic

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.

Independent auditor's report

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

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of BNP Paribas Islamic Issuance B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of BNP Paribas Islamic 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 Islamic Issuance B.V. as at 31 December 2023, and of its result and its cash for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2023.

2. The following statements for 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows.

3. 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 Islamic Issuance B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and exercises oversight, as well as the outcomes. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Management override of controls (presumed fraud risk).

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of financial assets is an important area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment.

For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with management and reading minutes.

Deloitte.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law and the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, and the Directors as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities as well as the responsibilities of the Board of Directors, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating the assessment of the Board of Directors of BNP Paribas Islamic Issuance B.V.’s ability to continue as a going concern:

- We have assessed whether the continuity disclosures of the Board of Directors in the financial statements includes all pertinent information that we are cognizant of, as a consequence of our audit, and have made inquiries to the Board of Directors concerning the most significant assumptions.

- We performed inquiries with the Board of Directors about its knowledge of going concern risks after the period of the continuity assessment performed by the Board of Directors and considering the impact of financial, operational, and other conditions.

Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

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Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Director's 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 all the information regarding the management report and the other 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.

Management is responsible for the preparation of the other information, including the Director's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS 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.

Management 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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 identified during our audit.

Amsterdam, 9 July 2024

Deloitte Accountants B.V.

Signed on the original: R.A. Spijker