



**R.C.S. Luxembourg: B 24 784**

19, rue Eugène Ruppert  
L-2453 Luxembourg

Annual report 2021:

Audited annual accounts  
for the year ended  
31 December 2021 and  
report of the  
Réviseur d'Entreprises Agréé

# BNP Paribas Fortis Funding

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To the shareholders of  
BNP Paribas Fortis Funding S.A.  
19, rue Eugène Ruppert  
L-2453 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the Audit of the annual accounts

#### *Opinion*

We have audited the annual accounts of BNP Paribas Fortis Funding S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of BNP Paribas Fortis Funding S.A. as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

#### *Basis for Opinion*

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of *réviseur d'entreprises agréé* for the Audit of the annual accounts" section of our report. We are also independent of the Company in accordance with with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<b>Existence and potential impairment of loans to affiliated undertakings and investments held as fixed assets</b>	
<p>The activity of the Company mainly consists in reinvesting proceeds collected from the issuance of debt securities in loans to affiliated undertakings and investments held as fixed assets as detailed in notes 3 and 4 to the annual accounts. In this context, we have assessed the risk related to existence and to the potential impairment of these assets as a key audit matter.</p>	<p>Our audit procedures focused on the following elements:</p> <ul style="list-style-type: none"> <li>• reviewing the design and implementation of internal controls especially reconciliation processes and oversighting of the operations by the Board of Directors;</li> <li>• performing a direct confirmation process for all loans to affiliated undertakings and investments held as fixed assets;</li> <li>• collecting evidence about the credit quality of the counterparty.</li> </ul>

## **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the annual accounts and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

## ***Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts***

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

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

## ***Responsibilities of the réviseur d'entreprises agréé for the Audit of the annual accounts***

The objectives of our audit are to obtain a reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N°537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' 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 report of *réviseur d'entreprises agréé* to the related disclosures in the annual accounts 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 report of *réviseur d'entreprises agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Our responsibility is to assess whether the financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

### ***Report on Other Legal and Regulatory Requirements***

We have been appointed as *réviseur d'entreprises agréé* by the Board of Directors on April 18, 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement includes information required by Article 68ter paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the annual accounts of the Company as at 31 December 2021, with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts. For the Company, it relates to the annual accounts prepared in a valid XHTML format.

In our opinion, the annual accounts of the Company as at 31 December 2021, identified as “BP2F 31.12.2021”, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*

Martin Flaunet, *Réviseur d'entreprises agréé*  
Partner

24 March 2022

## **BNP Paribas Fortis Funding**

Public limited company

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

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(hereinafter referred to as the “Company”)

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### **Report from the Board of Directors**

Dear Sirs,

We are pleased to submit to you for approval, the annual accounts for the financial year ended 31 December 2021.

As at 31 December 2021, the total balance sheet amounts to EUR 2,280,423,531.90 compared to EUR 2,661,165,394.61 as at 31 December 2020.

The Company issued securities (amongst which retail offers to the public in Belgium and in the Grand-Duchy in Luxembourg) which are split as follows:

	31 December 2021	31 December 2020
Subordinated notes	30,000,000.00	69,197,788.70
Fixed interest rates notes	266,775,300.17	322,426,753.93
Floating rates notes	188,278,000.00	188,278,000.00
Variable coupon notes	1,064,801,527.26	1,199,696,313.83
Variable redemption notes Index Linked	656,185,739.28	767,432,470.62
Variable redemption notes Other	31,593,095.27	42,963,963.96
<b>TOTAL</b>	<b>2,237,633,661.98</b>	<b>2,589,995,291.04</b>

The amounts presented above represent the nominal in counter value EUR of the issuances.

The accrued interest payable linked to these issuances amount to EUR 5,840,434.73 (31 December 2020: 8,208,515.02).

During the year 2021, the Company issued several securities and faced several redemptions and reductions (buy-backs and call notes) as follows:



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Type of product	New Issues			Redemptions/Reductions			Foreign exchange by category	Total
	Number	Ccy	In Euro	Number	Ccy	In Euro	In Euro	In Euro
Subordinated notes				1	EUR	-10,500,000.00		
				1	USD	-28,146,839.11		
<b>Total</b>				<b>2</b>		<b>-38,646,839.11</b>	<b>-550,949.59</b>	<b>-39,197,788.70</b>
Fixed interest rate notes	5	EUR	32,487,000.00	1	AUD	-8,365,588.71		
				0	EUR	0.00		
				6	NOK	-86,119,352.85		
				1	USD	-10,938,924.34		
<b>Total</b>	<b>5</b>		<b>32,487,000.00</b>	<b>8</b>		<b>-105,423,865.90</b>	<b>17,285,412.14</b>	<b>-55,651,453.76</b>
Variable coupon notes	9	EUR	70,034,000.00	4	AUD	-35,241,609.69		
				11	EUR	-140,403,000.00		
				1	NOK	-16,613,220.00		
				8	USD	-22,777,728.86		
				<b>Total</b>	<b>9</b>		<b>70,034,000.00</b>	<b>24</b>
Index linked notes	7	EUR	26,760,000.00	7	EUR	-77,525,000.00		
				4	NOK	-62,313,240.12		
				3	USD	-8,529,939.88		
				<b>Total</b>	<b>7</b>		<b>26,760,000.00</b>	<b>14</b>
Other				0	EUR	-5,176,578.61		
				3	USD	-7,523,622.35		
				<b>Total</b>			<b>3</b>	
<b>TOTAL GENERAL</b>	<b>21</b>		<b>129,281,000.00</b>	<b>51</b>		<b>-520,174,644.52</b>	<b>38,532,015.46</b>	<b>-352,361,629.06</b>

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As at 31 December 2021 the Company shows a profit amounting to EUR 538,576.62 compared to a profit amounting to EUR 613,109.90 for the year 2020 which is summarized as below:

In EUR	31 December 2021	31 December 2020
Interests margin	2,918,500.71	2,312,888.08
Adjustment interest received	-1,198,302.55	-728,779.21
Exchange result	-4,276.46	-5,067.19
Amortization fees	-7,123.73	-12,201.16
Taxes	-203,311.03	-228,096.07
Operational expenses	-1,563,816.51	-1,440,098.97
Other financial expenses	-18,289,142.67	-8,019,789.73
Operational income	10,530.00	40,951.17
Other financial income	18,875,518.86	8,693,302.98
<b>Total</b>	<b>538,576.62</b>	<b>613,109.90</b>

The decrease in profit is mainly explained by the following elements:

- 1) Increase of the interest margin amounting to EUR 2,918,500.71 in 2021 against EUR 2,312,888.08 in 2020; this variation is mainly due to some bonds purchased from BNP Paribas Fortis with a rate capped at 0%.
- 2) The amount of adjustment on interest received is related to an agreement with BNP Paribas Fortis - Belgium in which there is a comparison with the interest margin and the operational expenses.

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3) Decrease of the expenses relating to bond issuances as follows (\*\*):

In EUR	31 December 2021	31 December 2020
Amortization of expenses related to bond issues	-26,309.44	-32,745.08
Amortization of syndication commissions	-4,357,463.46	-5,907,497.43
<b>Total</b>	<b>-4,383,772.90</b>	<b>-5,940,242.51</b>

The expenses are amortized over the life of the corresponding security’s issuance.

4) Decrease of the net amortization of the upfront fees received as follows (\*):

In EUR	31 December 2021	31 December 2020
Amortization of upfront fees received	18,328.70	19,387.04
<b>Total</b>	<b>18,328.70</b>	<b>19,387.04</b>

The upfront fees are amortized over the life of the corresponding security’s issuance. Furthermore, for the upfront fees received the residual life of the corresponding security’s issuance is longer than for the upfront fees paid.

5) Decrease of the amortization of the premiums received on borrowings as follows (\*\*):

In EUR	31 December 2021	31 December 2020
Amortization of premium received on borrowings	4,357,463.46	5,907,497.43
<b>Total</b>	<b>4,357,463.46</b>	<b>5,907,497.43</b>

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- 6) Amortization on break up fees related to early termination of some loans and amortization on premium above/under par on bonds purchased from BNP Paribas Fortis - Belgium.

These amortizations started in August 2017 and are booked over the life of the corresponding bond issuance.

In EUR	31 December 2021	31 December 2020
Amortization of break up fees on loans gain	5,913,216.70	7,385,691.89
Amortization of break up fees on loans losses	-307,376.95	-473,713.37
Amortization of premium under par on bonds purchased	303,795.02	294,207.78
Amortization of premium above par on bonds purchased	-5,908,777.76	-7,205,029.42
<b>Total</b>	<b>857.01</b>	<b>1,156.88</b>

- 7) Decrease of the taxes expenses amounting to EUR 203,311.03 in 2021 against EUR 228,096.07 in 2020 (as the profit is lower in 2021).

- 8) The net variation of other financial expenses and income is mainly explained by the payout at redemption above and below par for several issuances from the period ended December 31, 2021 and the period ended December 31, 2020.

Furthermore, from 31 December 2017, the prescriptions funds - prescriptions elapsed and for which the cash balance not claimed, within the legally described time frame, by the investors are reimbursed to the Company by the paying agent – are amortized. When received, they are booked in balance sheet under the caption “Other creditors” and are amortized over 5 years.

Amortization amounts to EUR 526,334.29 in 2021 against EUR 599,397.89 in 2020.

\* Historically when concluding a derivative on an equity linked product, the Company used to receive an Upfront fee on the IRS and used to pay an Option premium on the equity component of the hedge. Point 4) above relates to the amortization of such upfront fee received (for most of the case).

\*\* Upon issuance, the client paid a premium over par (most of the time) which is used to cover the syndication / distribution costs (until 2017). Point 3) above relates to the amortization of such premium (syndication commission) paid to syndication and point 5) above relates to the amortization of such premium received by BP2F (premium received on borrowings).

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The Board of Directors decides to propose to the Shareholders’ General Meeting the following allocation:

	<b>Share premium account EUR</b>	<b>Legal reserve EUR</b>	<b>Other reserves EUR</b>	<b>Profit brought forward EUR</b>
Balance as at December 31, 2021	1,500,000.00	50,000.00	572,650.00	1,311,413.05
Profit for year ended 2021	-	-	-	538,576.62
Transfer of the 2017 special reserve to profit brought forward	-	-	(105,600.00)	105,600.00
Allocation to the special reserve related to the net wealth tax 2022	-	-	111,800.00	(111,800.00)
Dividends	-	-	-	(530,000.00)
Balance after allocation	<u>1,500,000.00</u>	<u>50,000.00</u>	<u>578,850.00</u>	<u>1,313,789.67</u>

## BNP Paribas Fortis Funding

Balance sheet as at 31 December 2021  
(in EUR)

The profit for the year amounts to EUR 538,576.62.

The result to be carried forward will amount to EUR 2,376.62 and is composed of the following:

- The release of an amount of EUR 105,600.00 from the reserve 2017 for the net wealth tax.
- The crediting of the reserve 2021 for the net wealth tax for an amount of EUR 111,800.00 (22,360.00\*5).
- The dividends to distribute for EUR 530,000.00.
- The result of the year for EUR 538,576.62.

### Reporting obligations

The Company fulfils its reporting obligations towards the local authorities and, with regard to the law of January 11, 2008 (as supplemented or amended from time to time) on transparency requirements for issuers of securities (the “Transparency Law”), the Company has signed in 2009 an agreement for OAM (Officially Appointed Mechanism) with BNP Paribas Securities Services, Luxembourg Branch (following the transfer on April 1, 2010 of the securities services activities of BGL BNP Paribas - Luxembourg to BNP Paribas Securities Services, Luxembourg branch).

Pursuant to Regulation (EU) 648/2012 on OTC derivatives, central counterparties and trades repositories, as amended or restated from time to time, and in particular by the Regulation (EU) 2019/834 of 20 May 2019 (the “**EMIR regulation**”), the Company is to be considered as Non-Financial Counterparty below the clearing threshold (NFC).

It has to be noted that the Company doesn’t provide post issuance information to the investors of its notes.

### Main inherent risks

The Board of Directors will also give below a general overview of the main inherent risks faced by BNP Paribas Fortis Funding and of the relevant mitigating factors. This overview is given as of the date of this report. The risks applicable to BNP Paribas Fortis Funding and the corresponding risk management methods can change from time to time.

The main inherent risks faced by BNP Paribas Fortis Funding can be broken down into the following categories:

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### 1) Operational risk:

The operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human error, external events or changes in the competitive environment that damage the franchise or operating economics of a business. Furthermore, in order to mitigate the risks, the Company hired in 2013 two part time employees of BNP Paribas Fortis. From October 2018, the number was reduced to one.

Before deciding on the issuance of any debt securities, each Director shall comply with the terms of paragraphs 1 and 2 of Article 441-7 of the Luxembourg Law on commercial companies dated 10 August 1915, as amended, and as coordinated by the Grand-Ducal regulation dated 5 December 2017 (the “1915 Law”), providing that:

“Any director having an interest in a transaction submitted for approval of the Board of Directors conflicting with that of the Company, shall be obliged to advise the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in these deliberations.

At the next following general meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the directors may have had an interest conflicting with that of the Company.”

BNP Paribas Fortis Funding publishes from time to time (base) prospectuses to offer, place or/and list securities within the framework of its business activity as foreseen in its article of association.

As required by the Luxembourg law on prospectuses and the relevant regulations as the case maybe, the Company takes responsibility for the information contained in these prospectuses (with the limitations specified in these ones).

The base prospectus of the euro medium term note programme (EMTN) of the Company (as supplemented from time to time) was updated and approved by the *Commission de Surveillance du Secteur Financier* in Luxembourg on June 3, 2021 in order to comply with the amended prospectus directive and its regulations.

The EMTN programme of the Company is mainly used to launch plain vanilla and fixed income products.

The Company also acts as issuer (with BNP Paribas Fortis as guarantor) under the base prospectus dated June 1, 2021 (as supplemented) in respect of the issuance of unsubordinated notes under the note, warrant and certificate programme of BNP Paribas Issuance B.V., BNP Paribas and BNP Paribas Fortis Funding. That base prospectus has been approved by the French *Autorité des Marchés financiers* (the “AMF”) in compliance with the Prospectus Regulation (EU) 2017/1129 (as amended).

The base prospectuses of the Company are published on its website [www.bp2f.lu](http://www.bp2f.lu) (the distribution of these documents being restricted by law).

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### 2) Legal risk:

In case of any potential legal risk (e.g. license requested by a sponsor of an index, claim received from a noteholder or an investor), the Company will request professional legal advice if it is required by an executive manager of the Company or by one member of the Board of Directors.

The Luxembourg prospectus law contains administrative sanctions in case of breach. As the Company also makes offers to the public in other jurisdictions, it may be exposed to the penal or/and administrative sanctions foreseen in the relevant local prospectus law or/and in other relevant local rules or regulations.

Furthermore, the Company follows the compliance rules defined by its parent company in term of reputational risk and compliance with laws and regulations applicable to the Company.

### 3) Tax risk:

In case of any potential tax risk, the Company requests advices from the tax specialists of its parent company and advices from an external tax advisor if it is required by one member of the Board of Directors.

### 4) Financial risk:

It encompasses two types of risk: credit risk and market risk as defined below:

- Credit risk is the risk that a borrower or counterparty will no longer be able to repay its debt;
- Market risk refers to the potential loss resulting from unfavourable market movements, which can arise from trading or holding positions in financial instruments.

Within the framework of the funding operations, BNP Paribas Fortis Funding hedges with BNP Paribas Fortis, BNP Paribas Arbitrage S.N.C. and with BNP Paribas its exposures to various types of risks by using common OTC/derivatives instruments such as swaps and options from the issue date or strike date of each funding operation, for all the duration of such funding operation, and for the full amount of the related funding operation. As a general rule, the documentation of a derivative transaction of the Company shall refer to the documentation of the related funding transaction (the documentation of the related notes prevailing in case of discrepancy with the swap). Therefore, the structure of each funding operation matches with the various related hedging transactions in terms of economics and in terms of documentation.



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Nevertheless, when the Company enters into a derivative transaction with a view to hedging the issuance of the notes, an exact match between the terms of the Notes and the terms of the derivative transaction to hedge the exposure of the Company under the notes is impracticable. Where the hedge is governed by an ISDA Master Agreement, there may be events, such as illegality affecting the ability of one of the parties to perform its obligations under the hedge or various party specific defaults events, which may not be reflected exactly in the terms of the notes, and which could result in the hedge being terminated early, but with the notes remaining outstanding. Similarly, changes in tax treatment could affect the hedge but not the notes or vice versa. Therefore, the provision in a derivative confirmation stating that the documentation of the related notes prevails in case of discrepancy with the swap is only a way for the Company to mitigate the risk of mismatch (but doesn't enable to remove the risk entirely).

BNP Paribas Fortis Funding is currently only exposed to a credit and counterparty risk (i) on BNP Paribas Fortis (as hedging counterpart and as borrower under the loans granted by the Company and as issuer of the bonds purchased by the Company), and (ii) on BNP Paribas Arbitrage S.N.C. and BNP Paribas (as hedging counterparts).

To avoid exposure to a credit risk on a paying agent under its debt issuance Programmes, BNP Paribas Fortis Funding has followed the market practice and has included a wording in the documentation of its debt issuance programmes to be discharged from its payment obligations towards the noteholders as soon as the payments have been made on time to the relevant principal paying agent.

For the avoidance of any doubt, BNP Paribas Fortis Funding does not hold a trading portfolio and is then not exposed to a trading risk, i.e. in case of changes in the market price of positions held in capital market instruments.

The Board of Directors believes that the COVID-19 crisis does not increase significantly the financial risk. As explained, the Company issues notes and with the money received, grants loans to its mother company or purchases bonds issued by BNP Paribas Fortis – Belgium. To this end, the credit risk associated to these investments is limited and the recoverability is not under threat due to the good quality of the counterparty involved. The issuer of the securities purchased possesses advantageous credit ratings and therefore it represents limited credit risk, despite the COVID-19 pandemic. Furthermore, and as explained above, the financial risk in general is further limited due to the fact that the risks linked to interest and exchange rates are mitigated through hedging and more specifically through the symmetrical SWAPs placed on both the securities purchased and emitted. As such, the Board of Directors has assurance over the fact that the mechanisms in place at the entity allow for a significant reduction in the potential impacts of the COVID-19 crisis as evidenced by the experience of almost two full years (2020-2021).

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### 5) Liquidity risk:

The liquidity risk is the risk that BNP Paribas Fortis Funding, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due, or can secure or sell its assets only at excessive cost.

This risk is mitigated by the Board that follows the Liquidity Risk Policy published by the parent company of BNP Paribas Fortis Funding by applying it to the Company. Such policy explicitly mentions that the bank must maintain sufficient cash and liquid assets to meet its current and future financial obligations at all times, in normal and in stressed circumstances, for all its banking and financial activities, including special purpose vehicles and all legal entities.

### 6) Settlement risk:

BNP Paribas Fortis Funding is responsible for the cash management on a daily basis by monitoring the cash balances of the Company. Furthermore, the Company has implemented a payment procedure approved by the Board of Directors and agreed by BGL BNP Paribas S.A. acting as account bank of the Company.

A contract and a convention for Multiline were signed in January 2015 between the Company and BGL BNP Paribas and the Company began to use this electronic payment tool from beginning of February 2015.

### Information to be sent to the parent company

BNP Paribas Fortis Funding is a subsidiary of BNP Paribas Fortis. BNP Paribas Fortis is authorized and supervised by European Central Bank (ECB) and by the National Bank of Belgium, boulevard de Berlaimont 14, 1000 Brussels, and is also under the supervision on investor and consumer protection of the Financial Services and Markets Authority (FSMA), rue du Congrès 12-14, 1000 Brussels and is authorized as insurance agent under FSMA number 25789 A.

The National Bank of Belgium, BNP Paribas Fortis supervisor on a consolidated basis, has granted its approval for using the most advanced approaches for calculating the own funds requirements under Basel II. This means that BNP Paribas Fortis applies the Advanced Internal Ratings Based Approach (AIRBA) to credit risk and the Advanced Measurement Approach (AMA) to operational risk for the majority of its portfolio.

## **BNP Paribas Fortis Funding**

Public limited company

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R.C.S. Luxembourg B 24 784

(hereinafter referred to as the “Company”)

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Besides, BNP Paribas Fortis uses ‘economic capital’ as a consistent and comparable measure of risk across all risk types and geographies. It serves as an indicator of Value at Risk (VaR).

BNP Paribas Fortis Funding shall report to its parent company with the relevant information to enable BNP Paribas Fortis to apply these methods on a consolidated basis.

The Board of Directors examined the annual accounts as at 31 December 2021 of BNP Paribas Fortis Funding on March 24, 2022 and authorized their publication.

The Board of Directors of BNP Paribas Fortis Funding declares that, to its knowledge, the annual accounts as at 31 December 2021 of BNP Paribas Fortis Funding established in accordance with Luxembourg and regulatory requirements relating to the preparation of the annual accounts, give a faithful and honest image of the assets and liabilities, financial position and profits or losses of BNP Paribas Fortis Funding. The management report presents the evolution accurately, the results and the situation of BNP Paribas Fortis Funding and a description of the principal risks and uncertainties with which they are confronted.

As of the date of this report, the negative impact of the COVID-19 outbreak has faded and the economy appears to stabilize.

Economic indicators and confidence surveys have recovered thanks to the progress of vaccination, loose monetary policies and increased spending by governments.

In the face of economic improvements, some central banks (UK, US) are considering a return to a more neutral monetary policy.

However, more recently, the rapid spreading of a new variant of the virus (the Omicron Variant) is renewing the uncertainty but, if more contagious, it seems however less dangerous.

In the face of volatility on the financial markets, we noticed little investor’s appetite for structured notes and as a consequence a low volume of issues placed among retail investors.

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### Strategy related to BNP Paribas Fortis Funding

The issuances that the Company is proposing, via BNP Paribas Fortis acting as distributor, to different investor types and the lending of the proceeds of these transactions to its parent company, through loans or the investments in bonds issued by its parent company, is an important element of the funding policy of BNP Paribas Fortis.

The selling of structured notes and other types of bonds demanded by the Retail and Private Banking divisions of BNP Paribas Fortis NV/SA in Belgium is a stable element of the funding mix of BNP Paribas Fortis.

The Company is independent regarding the issuance decisions.

It is in line with the BNP Paribas group organization to maintain BNP Paribas Fortis, directly or via its subsidiaries, in a position of independency concerning its liquidity and funding management. The Company, with a volume of outstanding debt securities of about EUR 2.2 billion, is an element of diversification in the funding mix of BNP Paribas Fortis.

We also take into consideration that, for the structured notes, the issuance of debts securities by the Company with the guarantee of BNP Paribas Fortis remains a practical solution to circumvent the fact that the Belgian National Bank’s clearing system cannot handle certain structured financial products.

### Corporate Governance

The articles of association do not provide any restriction regarding the voting rights of the shareholders and therefore said voting rights are exercised in accordance with the legal provisions in force.

Further to the articles of association, the directors shall be elected by the shareholders at a general meeting, which shall determine their number, remuneration and term of office. The term of the office of a director may not exceed six years and the directors shall hold office until their successors are elected. The directors may be re-elected for consecutive terms of office. The Company does not hold any quoted participations.

The Company may, to the extent and under the terms permitted by the Law, purchase its own shares; as of today, the Company does not hold any own share. As in the articles of association there is no provision regarding authorized capital, the Board of Directors is not allowed to issue new shares.

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There is no specific provision in the articles of association regarding the possibility of amending the articles of association and therefore the articles of association can be amended according to the legal provision set for in article 450-3 of the 1915 Law (as defined above).

There is no specific provision in the articles of association regarding the rights of controls of the shareholders and therefore the shareholders can exercise their rights of controls to the extent and within the limits provided by the relevant Luxembourg applicable legislation.

Based on Art. 52 of the Law of 23 July 2016 concerning the audit profession, the Company is classified as public-interest entity and required to establish an audit committee. However, in accordance with Art. 52 (5), the Company is exempted to have an audit committee.

Luxembourg, March 24 2022

For the Board of Directors:



Didier Giblet  
Chairman of the Board of Directors



Yvon-Pierre ANTONI  
Director

# BNP Paribas Fortis Funding

## Balance sheet as at 31 December 2021 (in EUR)

ASSETS	Notes	31.12.2021	31.12.2020
<b>B. Formation expenses</b>	3	<b>98,902.20</b>	<b>91,794.84</b>
<b>C. Fixed assets</b>		<b>2,242,578,119.51</b>	<b>2,609,962,790.86</b>
I. Intangible assets		1,365.00	3,705.00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were		1,365.00	3,705.00
a) acquired for valuable consideration and need not be shown under C.I.3		1,365.00	3,705.00
II. Tangible assets		173.49	520.05
3. Other fixtures and fittings, tools and equipment		173.49	520.05
III. Financial assets		2,242,576,581.02	2,609,958,565.81
2. Loans to affiliated undertakings	4	199,453,469.89	287,873,576.45
5. Investments held as fixed assets	5	2,043,123,111.13	2,322,084,989.36
<b>D. Current assets</b>		<b>4,045,075.22</b>	<b>3,941,772.65</b>
II. Debtors		224,108.39	300,797.79
2. Amounts owed by affiliated undertakings		0.00	0.00
a) becoming due and payable within one year		0.00	0.00
4. Other debtors		224,108.39	300,797.79
a) becoming due and payable within one year		224,108.39	300,797.79
IV. Cash at bank and in hand		3,820,966.83	3,640,974.86
<b>E. Prepayments</b>	6	<b>33,701,434.97</b>	<b>47,169,036.26</b>
<b>TOTAL (ASSETS)</b>		<b>2,280,423,531.90</b>	<b>2,661,165,394.61</b>
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>A. Capital and reserves</b>	7	<b>4,472,639.64</b>	<b>4,564,063.03</b>
I. Subscribed capital		500,000.00	500,000.00
II. Share premium account		1,500,000.00	1,500,000.00
IV. Reserves		622,650.00	647,550.00
1. Legal reserve		50,000.00	50,000.00
4. Other reserves, including the fair value reserve		572,650.00	597,550.00
b) other non available reserves		572,650.00	597,550.00
V. Profit or loss brought forward		1,311,413.02	1,303,403.13
VI. Profit or loss for the financial period/year		538,576.62	613,109.90
<b>B. Provisions</b>		<b>1,375,666.76</b>	<b>930,920.78</b>
2. Provisions for taxation		177,364.21	202,141.57
3. Other provisions		1,198,302.55	728,779.21
<b>C. Creditors</b>		<b>2,246,364,839.14</b>	<b>2,601,517,093.82</b>
1. Debenture loans	8	2,243,474,096.71	2,598,203,806.06
b) Non convertible loans		2,243,474,096.71	2,598,203,806.06
i) becoming due and payable within one year		545,784,197.01	459,603,006.63
ii) becoming due and payable after more than one year		1,697,689,899.70	2,138,600,799.43
6. Amounts owed to affiliated undertakings	9	657,395.41	765,440.90
a) becoming due and payable within one year		657,395.41	765,440.90
8. Other creditors	10	2,233,347.02	2,547,846.86
a) Tax authorities		34,768.20	45,152.38
c) Other creditors		2,198,578.82	2,502,694.48
i) becoming due and payable within one year		89,063.11	106,722.78
ii) becoming due and payable after more than one year		2,109,515.71	2,395,971.70
<b>D. Deferred income</b>	6	<b>28,210,386.36</b>	<b>54,153,316.98</b>
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		<b>2,280,423,531.90</b>	<b>2,661,165,394.61</b>

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

## BNP Paribas Fortis Funding

Profit and loss account  
for the year ended 31 December 2021  
(in EUR)

PROFIT AND LOSS ACCOUNT	Notes	31.12.21	31.12.20
<b>4. Other operating income</b>		<b>10,530.00</b>	<b>40,951.17</b>
<b>5. Raw materials and consumables and other external expenses</b>		<b>-1,803,974.03</b>	<b>-1,818,735.51</b>
b) Other external expenses		-1,803,974.03	-1,818,735.51
<b>6. Staff costs</b>	11	<b>-78,632.27</b>	<b>-81,027.72</b>
a) Wages and salaries		-51,836.49	-51,836.37
b) Social security costs		-26,795.78	-29,191.35
i) relating to pensions		-26,795.78	-29,191.35
ii) other social security costs			
<b>7. Value adjustments</b>		<b>-4,386,459.46</b>	<b>-5,964,472.09</b>
a) in respect of formation expenses and of tangible and intangible fixed assets		-4,386,459.46	-5,964,472.09
<b>10. Income from other investments and loans forming part of the fixed assets</b>	12	<b>14,928,151.81</b>	<b>23,985,047.27</b>
a) derived from affiliated undertakings		14,260,101.52	21,647,106.59
b) other income not included under a)		668,050.29	2,337,940.68
<b>11. Other interest receivable and similar income</b>	13	<b>56,036,793.68</b>	<b>49,325,360.58</b>
a) derived from affiliated undertakings		32,452,574.26	20,148,198.82
b) other interest and similar income		23,584,219.42	29,177,161.76
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>		<b>-24,085,112.01</b>	<b>-14,904,242.25</b>
<b>14. Interest payable and similar expenses</b>	14	<b>-39,879,410.07</b>	<b>-49,741,675.48</b>
a) concerning affiliated undertakings		-5,804,645.02	-10,909,867.42
b) other interest and similar expenses		-34,074,765.05	-38,831,808.06
<b>15. Tax on profit or loss</b>	16	<b>-177,364.08</b>	<b>-202,141.07</b>
<b>16. Profit or loss after taxation</b>		<b>564,523.57</b>	<b>639,064.90</b>
<b>17. Other taxes not shown under items 1 to 16</b>		<b>-25,946.95</b>	<b>-25,955.00</b>
<b>18. Profit or loss for the financial year</b>		<b>538,576.62</b>	<b>613,109.90</b>

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

## **BNP Paribas Fortis Funding**

Notes to the annual accounts for the year ended 31 December 2021

### **1 General information**

BNP Paribas Fortis Funding (the “Company”) was incorporated on 24 September 1986 in Luxembourg as a limited liability company (Société Anonyme) for an unlimited period under the name GENFINANCE LUXEMBOURG S.A., which was then changed to FORTIS LUXEMBOURG FINANCE S.A. on 12 November 2001 and to BNP Paribas Fortis Funding on 22 February 2010.

The registered office of the Company is established in Luxembourg. The Company’s financial year starts on 1 January and ends on 31 December each year.

The Company’s object is to provide any direct or indirect financing, by any means, to its subsidiaries, to BNP Paribas Fortis and to companies controlled by BNP Paribas Fortis S.A./NV and to provide to these companies any assistance, loans, advances or guarantees and/or any services for financial or administrative assistance linked to such assistance, loans, advances, guarantees, and services.

Loans are granted under the same conditions as for borrowings, setting aside an intermediation margin.

The Company may conduct any transaction that it deems necessary to accomplish and develop its object, remaining however within the limits allowed by the Law of 10 August, 1915 on corporations (as amended, and in particular by the modernisation law dated 10 August 2016).

The Company is included in the consolidated accounts of BNP Paribas S.A. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of BNP Paribas S.A. are available at its registered office: 16, Boulevard des Italiens, 75009 Paris, France.

In addition, the Company is also included in the consolidated accounts of BNP Paribas Fortis forming the smallest body of undertakings included in the body of undertakings referred to in the above mentioned paragraph of which the Company forms part as a subsidiary undertaking. The consolidated accounts and the consolidated management report of BNP Paribas Fortis are available at its registered office located at: 3, Montagne du Parc, B-1000 Brussels.

### **2 Significant accounting policies**

The Company prepares its accounts in compliance with the legal requirements and generally accepted accounting principles in the Grand-Duchy of Luxembourg. The accounting principles and valuation criteria are defined and implemented by the Board of Directors, apart from those stipulated by the law. The Company applied the “Normalised accounting plan” for the purpose of these audited annual accounts.



## **BNP Paribas Fortis Funding**

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### **2.1 Tangible and intangible assets**

Intangible and tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply. The amortisations are calculated on a straight-line basis over the estimated useful economic life.

### **2.2 Premiums on options**

The Company may take hedge positions through options. Premiums on options are accounted for in deferred charges and income and are amortised prorata temporis over the life of the borrowings to which they are related.

### **2.3 Foreign currency translation**

The subscribed capital of the Company is expressed in euros (EUR) and the annual accounts and the interim financial information are established in the same currency.

During the financial year, the transactions, income and expenses denominated in currencies other than the EUR were recorded using the exchange rate applicable on the transaction date.

At the closing date, the assets and debts expressed in currencies other than EUR are valued on the basis of the exchange rates applicable on that date. Unrealized gains and losses are booked as other financial income / charges in the profit and loss account due to the direct economic link between the transactions. Furthermore, where there is said economic link between two items within a transaction, accounted for in assets and liabilities respectively, and denominated in the same currency, the balance sheet entries are revalued at the closing exchange rate without impacting the profit and loss account.

### **2.4 Debtors**

Debtors are valued at the lower of nominal or estimated net realisable value. A value adjustment is accounted for if, in the opinion of the Board of Directors, a permanent impairment in value has occurred, unless the loss is economically linked to an increase in the value of the loans.

### **2.5 Premiums on amounts receivable**

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

## **BNP Paribas Fortis Funding**

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### **2.6 Prepayments**

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

### **2.7 Deferred income**

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

### **2.8 Creditors**

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

### **2.9 Premiums on borrowings**

Premiums on borrowings are accounted for in deferred charges and income, independently of borrowings to which they are associated and are amortised prorata temporis over the life of the borrowings to which they are related.

### **2.10 Investments held as fixed assets**

Investments held as fixed assets are valued in the accounts at purchase price/nominal value including the expenses incidental thereto.

### **2.11 Derivatives**

All the derivatives contracted by the Company are documented in a hedging relationship to cover the interest rate risk and the exchange rate risk associated with either the notes issued or the financial assets acquired. The hedged items are measured at cost with linear amortisation of the initial discount/premium and related commissions. In that respect, the Company's policy is to apply a symmetrical approach: as long as the results on the hedged items are not realised, the derivatives are not re-measured in the balance sheet leading to not impact on the accounts of the hedging relationship. Then, the valuation of the derivative is posted at the exchange rate of the period on the balance sheet (in "deferred income" or "prepayment") against a foreign exchange profit & loss account (in "other interest and similar expenses" or "other interest and similar income"). These profit and loss accounts are offset by the valuation of the issuance note at the exchange rate of the period.

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 2.12 Formation expenses

The formation expenses are expenses linked to the issuances of the bonds (“frais d’émission obligataire”) issued by the Company.

As the bond issued is intended to provide economic benefit to the Company until the maturity, it has been decided to amortize these capitalized expenses over the life of the corresponding bond instrument.

### 3 Formation expenses

This caption under assets includes expenses on the issuances of the bonds issued by the Company and are amortized over the life of the related bond instrument.

### 4 Loans to affiliated undertakings

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

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

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Amounts due within less than one year	102,483,555.33	94,159,448.15
Amounts due over 1 year		
1 to 5 years	49,851,381.28	139,697,382.71
5 years or more	<u>41,637,329.77</u>	<u>47,029,010.64</u>
	91,488,711.05	186,726,393.35
Total	<u><u>193,972,266.38</u></u>	<u><u>280,885,841.50</u></u>

The accrued interest receivable on loans and derivatives as at 31 December 2021 of EUR 5,481,203.51 has to be added to the loans to affiliated undertakings (EUR 6,987,734.95 as at December 31, 2020).

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 5 Investments held as fixed assets

The bonds purchased from BNP Paribas Fortis, the parent company, are as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Amounts due within less than one year	407,482,732.32	339,894,443.38
Amounts due over 1 year		
1 to 5 years	976,534,423.59	1,047,885,550.12
5 years or more	657,811,981.78	931,990,619.98
	<u>1,634,346,405.37</u>	<u>1,979,876,170.10</u>
Total	<u>2,041,829,137.69</u>	<u>2,319,770,613.48</u>

The accrued interest receivable on investments held as fixed assets, as at 31 December 2021 of EUR 1,293,973.44 has to be added (EUR 2,314,375.88 as at December 31, 2020).

### 6 Prepayments and deferred income

These captions under assets or under liabilities in the balance sheet primarily include the option premiums paid and received, the commission's payable or receivable during the issuance of certain borrowings and the premiums connected to the issuance of certain borrowings, less accumulated amortisation over the expected useful life of the related borrowings.

Also, this caption includes the revaluation of the foreign exchange derivative financial instruments at the closing foreign exchange rate.

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 7 Capital and reserves

#### Subscribed capital

As at 31 December 2021, the issued and fully paid-up share capital of the Company amounts to EUR 500,000.00 consisting of 20,000 registered shares each having a nominal value of EUR 25.00.

The movements for year ended 31 December 2021 are as follows:

	<b>Share premium account</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Profit brought forward</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Balance as at 31 December 2020	1,500,000.00	50,000.00	597,550.00	1,303,403.15
Profit for year ended 2020	-	-	-	613,109.90
Transfer of the 2016 special reserve to profit brought forward	-	-	(140,000.00)	140,000.00
Allocation to the special reserve related to the next wealth tax 2021	-	-	115,100.00	(115,100.00)
Dividends paid	-	-	-	(630,000.00)
Balance as at 31 December 2021	1,500,000.00	50,000.00	572,650.00	1,311,413.05

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

### Other reserves

In order to take advantage of the provisions of paragraph 8a of the Net Wealth Tax Law, the Company has elected to get a tax credit for all or part of the net wealth tax due for that year. This tax credit is, however, limited to the amount of the corporate income tax due for the same year before any tax credit. In order to benefit from this provision, the Company commits itself to post to a special reserve (classified in the annual accounts under the caption “Other reserves”) before the end of the financial year an amount equal to five times the net wealth tax to be credited, which has to be maintained for a period of five years.

This reserve is non-distributable during the period of five years from the year following that during which the Net Wealth Tax was reduced.

### Share premium account

An extraordinary meeting was held on 28 February 2017 relating to the contribution from retained earnings to the share premium account for EUR 1,500,000.00 with effect as of 28 February 2017.

## 8 Debenture loans

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

<b>Non convertible loans</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Within one year	513,994,322.02	427,813,131.62
After one year and within five years	1,024,421,490.88	1,184,257,154.99
After more than five years	705,058,283.81	986,133,519.45
	<u>2,243,474,096.71</u>	<u>2,598,203,806.06</u>

This item also includes the accrued interest payable as at 31 December 2021 that amounts to EUR 5,840,434.73 (EUR 8,208,515.02 as at 31 December 2020).

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 9 Amounts owed to affiliated undertakings

	31.12.2021 EUR	31.12.2020 EUR
Interest payable on derivatives	562,399.79	685,131.32
Up front fees	94,995.62	80,309.58
Total	<u>657,395.41</u>	<u>765,440.90</u>

### 10 Other creditors

The item “Other creditors” is as follows:

	31.12.2021 EUR	31.12.2020 EUR
V.A.T. payable	34,768.20	45,152.38
Fees payable	89,063.11	106,722.78
Other debts payable	2,109,515.71	2,395,971.70
Total	<u>2,233,347.02</u>	<u>2,547,846.86</u>

The other debts payable represent some prescriptions elapsed and for which the cash balance was not claimed, within the legally described time frame, by the investors leading to a reimbursement of these to the Company by the paying agent.

### 11 Staff costs

For the year ended 31 December 2021, the Company employed 3 persons on a part time basis (31 December, 2020: 3 persons on a part time basis).

### 12 Income from other investments and loans forming part of the fixed assets

The above caption is composed of the following items:

	31.12.2021 EUR	31.12.2020 EUR
Interest on loans	4,691,738.11	6,226,775.16
Interest on bonds	9,568,363.41	15,420,331.43
Gains on securities (realised)	668,050.29	2,337,940.68
Total	<u>14,928,151.81</u>	<u>23,985,047.27</u>

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

Income from above caption with affiliated undertakings amount to EUR 14,260,101.52 for the year ended 31 December 2021 (2020: EUR 21,647,106.59).

### 13 Other interest receivable and similar income

Other interest receivable and similar income are composed of the following items:

	<b>31.12.2021</b> <b>EUR</b>	<b>31.12.2020</b> <b>EUR</b>
Interest on derivatives	14,753,111.28	14,372,847.37
Amortisation of premiums on borrowings	4,357,463.46	5,907,497.43
Amortization of break up fees on loans and premium under/par on bonds	6,217,011.72	7,679,899.67
Upfront fees received	18,328.70	19,387.04
Gain on foreign exchange securities and bonds*	12,483,409.95	14,990,366.77
Commissions	448,591.73	387,138.30
Gains on derivatives (realised)	17,232,542.55	5,368,826.11
Other	526,334.29	599,397.89
	<u>56,036,793.68</u>	<u>49,325,360.58</u>

\* The gain on foreign exchange securities and bonds presented in note 13 is mainly unrealised and is matched by the loss on foreign exchange on securities and bonds presented in note 14.

The item "Other" above, was essentially made of, for the year ended 31 December 2021, amortization on 5 years of some issuances for which the prescription elapsed and for which the cash balance not claimed (within the legally described time frame) by the investors are reimbursed to the Company by the paying agent.

Other interest receivable and similar income from affiliated undertakings amount to EUR 32,452,574.26 for the year ended 31 December 2021 (2020: EUR 20,148,198.82).



## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 14 Interest payable and similar expenses

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

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>
Interest on borrowings, interest rate swaps, equity swaps, cross currency interest rate swaps	-26,094,712.09	-33,707,065.88
Adjustment on interest received**	-1,198,302.55	-728,779.21
Interest on bank account	-258.73	-278.51
Other commissions	-98,450.29	-310,117.92
Loss on foreign exchange on securities and bonds*	-12,487,686.41	-14,995,433.96
	<u>-39,879,410.07</u>	<u>-49,741,675.48</u>

\* The gain on foreign exchange securities and bonds presented in note 13 is mainly unrealised and is matched by the loss on foreign exchange on securities and bonds presented in note 14.

\*\* The amount of adjustment on interest received is related to an agreement with BNP Paribas Fortis – Belgium in which a part of the interest margin is retroceded to BNP Paribas Fortis – Belgium.

Interest payable and similar expenses with affiliated undertakings amount to EUR -6,821,208.72 as at 31 December 2021 (2020: EUR -12,765,518.68).

### 15 Advances and loans granted to the members of the management and supervisory bodies

The Company has not granted any advances or loans to members of administrative or supervisory bodies as at and during the year ended 31 December 2021.

### 16 Tax position

The Company is subject to Luxembourg tax laws.

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### 17 Derivative financial instruments

The Company uses various derivative instruments contracted with BNP Paribas Fortis, BNP Paribas Arbitrage S.N.C. and BNP Paribas for hedging purposes as part of its bond issuing and financing activities to hedge against potential market, foreign exchange or interest rate risk.

The nominal of these derivatives financial instruments are as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>Nominal</b>	<b>Nominal</b>
	<b>EUR</b>	<b>EUR</b>
Interest Rate Swap	958,113,526.15	865,097,046.25
Equity Swap	1,068,992,786.67	1,367,721,808.84
Cross Currency Interest Rate Swap	42,292,792.20	72,105,636.53

	31.12.2021		31.12.2020	
	EUR	EUR	EUR	EUR
	Fair value positive	Fair value negative	Fair value positive	Fair value negative
Interest rate swap	17,440,999.75	-9,197,736.72	29,213,087.40	-3,769,321.25
Equity swap	100,780,468.87	-57,479,592.61	43,799,967.35	-13,756,701.30
Cross Currency Interest Rate Swap	42,980,962.71	-39,329,958.92	74,821,359.26	-74,734,851.60

### 18 Related parties transactions

During the financial year 2021, the following significant transactions entered into with related parties:

	<b>BNP Paribas</b>	<b>Other companies of the</b>
	<b>Fortis S.A./NV</b>	<b>group BNP Paribas</b>
	<b>EUR</b>	<b>EUR</b>
<b>Assets</b>		
Loans to affiliated undertakings	198,980,810.95	472,658.94
Investments held as fixed assets	2,043,123,111.13	-
Cash at bank and in hand	-	3,820,966.83
	<hr/> 2,242,103,922.08	<hr/> 4,293,625.77

#### **Liabilities**

## BNP Paribas Fortis Funding

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

Non convertible loans*	98,023,300.12	78,442,613.78
Amounts owed to affiliated undertakings become due and payable within one year	537,313.47	120,081.94
	98,560,613.59	78,562,695.72
<b>Charges</b>		
Value adjustments in respect of financial assets and of investments held as current assets	-	-569,600.00
Interest payable and similar expenses**	-4,792,269.00	-2,028,939.72
	-4,792,269.00	-2,598,539.72
<b>Income</b>		
Income from other investments and loans forming part of the fixed assets	14,260,101.52	-
Other interest receivable and similar income	11,413,102.47	21,039,471.79
	25,673,203.99	21,039,471.79

\* These amounts are a result of acquisitions of bonds by the respective related parties on behalf of third parties (investors) for a short period of time.

\*\* From which EUR -1,016,304.97 are a result of acquisitions of bonds by other companies of the group on behalf of third parties (investors) for a short period of time.

## 19 Auditor's fees

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

	31.12.2021 EUR	31.12.2020 EUR
Audit fees	67,935.75	67,933.03
Audit related fees	13,063.00	13,062.49
Other fees	17,740.82	17,882.09
Total	98,739.57	98,877.61

## 20 Commitments

The Company rents a substance office from November 2004 and a parking space from July 2014.

Under the terms of the rental agreement, each party may terminate it on a six months' prior notice in writing and by registered mail. The rental commitment for the next six months 2022 is EUR 20,175.64..

## 21 COVID-19 Impact and Events

Please refer to the management report, point 4 covering the financial risk, where all impacts (present and future) of the COVID-19 pandemic are analysed.

## **BNP Paribas Fortis Funding**

Notes to the annual accounts for the year ended 31 December 2021  
(continued)

### **22 Subsequent Events**

There have been no subsequent events that are susceptible to impact the annual accounts as at December 31, 2021.

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities including the loans and derivatives, within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.