Company Registration no 2106892

BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2011

BNP PARIBAS U K. HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

COMPANY INFORMATION

Directors
G Bazin
P J Bismut
J Clamon
P Colle
B Dilly
L Machenil
L de Montille
P Gennart
F Janbon
A Papiasse
L B Sobin
D P Reynolds
L Torres
T Varene

Secretary
W D Edgar

Registered Office
10 Harewood Avenue
London
United Kingdom
NW1 6AA

Auditor
Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

CONTENTS

BNP PARIBAS U K. HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of BNP Paribas U K Holdings Limited ('the Company') for the year ended 31 December 2011

Principal activity and Business Review

The principal activity of the Company is to be a holding company for a number of BNP Paribas group subsidiaries

As shown in the Company's income statement on page 8, profit before taxation of £36 20m (2010 £38 65m) has decreased by £2 46m, 6% less than the prior year The decrease is due to lower income from investment in subsidiaries by £4 08m, other income by £0 06m and administrative expenses of £0 01m but offset by an increase in interest receivable by £0 30m and a reversal of impairment charges by £1 39m

The profit for the year after taxation amounted to £35 66m (2010 £38 15m)

The balance sheet on page 9 of the financial statements shows that the Company's net assets increased by £1 66m Cash and cash equivalents increased during the year by £0 67m

There have been no significant events since the balance sheet date

During the year, the Directors recommended and paid an interim dividend on ordinary shares of £34m (2010 £38 9m) The Directors do not recommend the payment of a final dividend (2010 £nil)

Future Developments

It is the Directors' belief that no significant developments are likely and that the Company's activities will continue to be that of a holding company

Financial risk factors

The activities of the Company's subsidiaries expose it to a variety of financial risks market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

(a) Credit risk
The Group has significant credit risk due to its cash and cash equivalents The cash and cash equivalents are held with the ultimate parent company, and credit risk is therefore considered to be sufficiently managed

(b) Liquidity risk
Liquidity risk is monitored centrally by Group Risk Management Department of the ultimate parent undertaking BNP Paribas S A In terms of the Group's policy, liquidity risk is managed through a global liquidity policy approved by Group Executive Management This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis The Group's liquidity situation is assessed on the basis of internal standards, warning flags and regulatory ratios

(c) Cash flow and fair value interest rate risk
The Company is exposed to cash flow interest rate risk from its floating rate cash balances The Company is exposed to fair value interest rate risk on its fixed rate deposits It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging

(d) Foreign exchange risk
The Company is exposed to foreign exchange risk on its assets and liabilities as they are not all denominated in its functional currency of sterling This risk is not material

Going concern and liquidity

The Company has considerable financial resources in the form of cash and cash equivalents and investments in subsidiaries, which more than cover any payables under which it is currently obligated As a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital are shown in note 14 The Company has one class of ordinary shares which carry one vote per share and have no right to dividends other than those recommended by the Directors

Charitable and political donations

There were no charitable or political contributions made in the year (2010 £nil)

Directors

The Directors holding office during the year, except as noted, were

G Bazin	
P J Bismut	
P J Bordenave	(Resigned with effect on 14 March 2012)
J Clamon	
P Colle	
B Dilly	
P Gennart	
F Janbon	
L Machenil	(Appointed 19 March 2012)
L de Montille	
A Papiasse	
D P Reynolds	
L B Sobin	
L Torres	
T Varene	

Directors' indemnities

The Ultimate Parent Undertaking has put in place qualifying third party indemnity provisions in the form of a Directors and Officers insurance policy, for the benefit of the Company's Directors, effective throughout the year and which remain in force at the date of this report

DIRECTORS' REPORT (continued)

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that

(a) so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and

(b) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Registered Office
10 Harewood Avenue
London
NW1 6AA
United Kingdom

By Order of the Board

P REYNOLDS
~~Secretary~~/Director

19 July 2012

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2011

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, International Accounting Standard ('IAS') 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNP PARIBAS U.K HOLDINGS LIMITED

We have audited the financial statements of BNP Paribas U K Holdings Limited for the year ended 31 December 2011 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNP PARIBAS U K HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Syed Zahir Hassan Bokhari

Syed Bokhari, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

19th July 2012

BNP PARIBAS U K. HOLDINGS LIMITED

INCOME STATEMENT
For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Income from investments in subsidiaries	2	**33,947**	38,025
Interest receivable	3	**2,000**	1,692
Other income	4	**29**	86
Administrative expenses	5	**(12)**	-
Net impairment writeback/(charge)	10	**233**	(1,152)
Profit before taxation	6	**36,197**	38,651
Taxation	7	**(535)**	(498)
Profit for the year		**35,662**	38,153

The results for both years are wholly derived from continuing operations Statement of comprehensive income is not required as a result of no movement in comprehensive income in both periods

BALANCE SHEET
As at 31 December 2011

	Notes	2011	2010
		£000	£000
ASSETS			
Non Current assets			
Investments in subsidiaries	10	893,767	893,539
Current assets			
Other receivables	11	68	141
Cash and cash equivalents	12	373,066	372,397
Total current assets		373,134	372,538
TOTAL ASSETS		1,266,901	1,266,077
LIABILITIES			
Current liabilities			
Other payables	13	12	5
Corporation tax payable		201	1,046
Total current liabilities		213	1,051
TOTAL LIABILITIES		213	1,051
EQUITY			
Ordinary shares	14	1,227,000	1,227,000
Share premium		220	220
Other reserve		3,731	3,731
Retained earnings		35,737	34,075
TOTAL EQUITY		1,266,688	1,265,026
TOTAL LIABILITIES AND EQUITY		1,266,901	1,266,077

Approved by the Board of Directors and authorised for issue on 19 July 2012 and signed on its behalf by

L B SOBIN
Director

BNP PARIBAS U K. HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Ordinary shares	Share premium	Other reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2010	1,227,000	220	3,731	34,822	1,265,773
Profit for the year	-	-	-	38,153	38,153
Interim dividends (note 8)	-	-	-	(38,900)	(38,900)
Balance as at 31 December 2010	**1,227,000**	**220**	**3,731**	**34,075**	**1,265,026**
Balance as at 1 January 2011	**1,227,000**	**220**	**3,731**	**34,075**	**1,265,026**
Profit for the year	-	-	-	**35,662**	**35,662**
Interim dividends (note 8)	-	-	-	**(34,000)**	**(34,000)**
Balance as at 31 December 2011	**1,227,000**	**220**	**3,731**	**35,737**	**1,266,688**

The Other reserves of £3,730,277 arises from the difference between the nominal value and fair value on inception of Redeemable 'A' shares on adoption of IAS 32 and 39 in 2004

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Cash flows from operating activities			
Profit for the year		**36,197**	38,651
Adjustments for			
— income from investments in subsidiaries		**(33,947)**	(38,025)
— interest receivable		**(2,000)**	(1,692)
— impairment charge		**(233)**	1,152
Changes in working capital			
— decrease/(increase) in other receivables		**-**	(86)
— increase in other payables		**5**	5
Dividend received from subsidiaries		**33,947**	38,025
Interest received		**2,073**	1,695
Taxation (paid)/received		**(1,380)**	972
Net cash generated from operating activities		**34,664**	40,697
Cash flows from investing activities			
Proceeds from liquidation of subsidiary undertaking	10	**5**	-
Net cash generated from investing activities		**5**	
Cash flows from financing activities			
Interim dividends paid on ordinary shares		**(34,000)**	(38,900)
Net cash used in financing activities		**(34,000)**	(38,900)
Net increase in cash and cash equivalents		**669**	1,797
Opening cash and cash equivalents		**372,397**	370,600
Closing cash and cash equivalents	12	**373,066**	372,397

The above illustrates the indirect method of reporting cash flows from operating activities

1 Accounting Policies

The principal activity of the Company is to be a holding company for a number of BNP Paribas group subsidiaries and other investments The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied during the year presented, unless otherwise stated

a) Basis of preparation

These financial statements have been prepared in accordance with United Kingdom law and International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss

The following new and revised Standards and Interpretation have been adopted in the current year They have had no material effect on the financial statements of the Company

- IAS 24 (amended) Related Party Disclosures simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government related parties) and clarifies the definition of related parties
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' provides guidance on the accounting treatment when financial liabilities are settled with equity instruments
- Amendment to IAS 32 'Financial Instruments Presentation' - 'Classification of Rights Issues' amends IAS 32 so that rights, options or warrants that are fixed for fixed (i e a fixed amount of cash for a fixed number of instruments) offered pro rata to all owners of a class of instrument are classified as equity instruments regardless of the currency denomination of the exercise price
- Amendment to IFRIC 14 'IAS 19 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' – 'Prepayments of a Minimum Funding Requirement' applies in the limited circumstances

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 9	Financial Instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint Arrangement
IFRS 12	Disclosure of Interests in Other entities
IFRS 13	Fair value measurements
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27	Separate financial statements
IAS 28	Investments in associates and joint ventures
IAS 12 (amended)	Deferred Tax Recovery of Underlying Assets
IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The adoption of IFRS 9 which the Company plans to adopt for the year beginning 1 January 2015 after the standard is endorsed by EU will impact both measurement and disclosure of financial instruments The directors do not expect that the adoption of the other standards listed above will have material impact on the financial statements of the Company in future periods

These separate financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group The Company has taken advantage of the exemption under IAS 27,'Consolidated and separate financial statements , from the requirements to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, BNP Paribas S A , which is a company incorporated in France Copies of the group financial statements can be obtained from BNP Paribas S A , 16 boulevard des Italiens, 75009 Paris, France

1 Accounting Policies *(continued)*

Going concern and liquidity

The Directors have a reasonable expectation that the Company and the Group will continue to have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts This is discussed in the Directors' Report on page 2 under the heading of 'Going concern and Liquidity'

Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board

b) Accounting Convention

Trade date accounting
Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets

c) Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates It also requires management to exercise judgement in the process of applying the accounting policies The notes to the financial statements set out areas involving a higher degree of judgement or complexity

d) Revenue recognition

(i) *Dividend income*
Dividend income arises from investments held in subsidiaries It is recognised in the income statement when the Company's right to receive payment is established

(ii) *Interest income and expense*
Interest income arises from cash and cash equivalents and from interest earning loans and receivables Interest expense arises from financing activities Interest income and expense are recognised in the Income statement using the effective interest method Under this method interest, income and expense in the income statement will vary with the book value of the related asset on the balance sheet

e) Foreign currency translation

(i) *Functional and presentation currency*
Items included in the financial statements, are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in sterling, which is the Company's functional and presentation currency

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

f) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment Equity investments are accounted for at cost less any impairment

1. Accounting Policies *(continued)*

g) Impairment of investments in subsidiaries

At each balance sheet date, or more frequently where events or changes in circumstances dictate, investments in subsidiaries are assessed for indications of impairment If indications are present these investments are subject to an impairment review The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount higher of fair value less cost to sell or value in use

The carrying values of the investments in subsidiaries are written down by the amount of any impairment and this loss is recognised in the income statement in the year in which it occurs The write back of impairments of previously impaired investments in subsidiaries are recognised as gains in the income statement in the year in which it occurs

h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

i) Financial assets

All financial assets, excluding investments in subsidiaries, are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which is initially measured at fair value

The Company classifies its financial assets in the following categories 'financial assets at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'loans and receivables', 'payables' and 'available-for-sale' (AFS) Management determines the classification of its financial instruments upon initial recognition – such classification being dependent on the purpose for which the financial instruments were acquired

(i) Financial assets or financial liabilities at fair value through profit or loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management Derivative financial instruments are also included in this category unless they are designated hedges Assets or liabilities in this category are classified as current assets or current liabilities respectively, if they are either held for trading or are expected to be realised within 12 months of the balance sheet date

Financial assets or financial liabilities at fair value through profit or loss are recognised initially at fair value and transaction costs are expensed in the income statement Financial assets or financial liabilities at fair value through profit or loss are subsequently carried at fair value

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment Interest income is recognised by applying the effective interest rate

(iii) Payables

Payables are measured initially at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

1 **Accounting Policies** ***(continued)***

i) Financial assets (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date

Available-for-sale financial assets are recognised initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss Available-for-sale financial assets are subsequently carried at fair value

Gains or losses arising from changes in the fair value of available-for-sale financial assets, net of taxation, are recognised in other comprehensive income

When available-for-sale financial assets are sold, impaired or derecognised, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as 'gains and losses from the sale of investment securities' Dividend income from available-for-sale investments is recognised in the income statement within 'other operating income' when the Company's right to receive the dividend is established and are reclassified to profit and loss

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement When a loan is uncollectible, it is written off against the related provision for loan impairment The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate The loss is recognised in the income statement Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement

Fair value estimation

The fair values of loans and receivables and borrowings are calculated using a discounted cash flow technique

j) Share capital, capital contribution and debt instruments

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration

k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost, any difference between proceeds received (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

1 **Accounting Policies** *(continued)*

l) Taxation

Current tax, including UK corporation, is provided at amounts expected to be paid (or recovered), using tax rates and laws that have been enacted by the balance sheet date

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements However, if the deferred tax arises from initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that foreseeable future taxable profit will be available against which the temporary differences can be utilised

m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders

2 Income from investments in subsidiaries

	2011 £000	2010 £000
Dividend income from equity investments in subsidiaries (note 16)	**33,947**	38,025
	33,947	38,025

Dividend income during the year was received from Boug B V , an 83% owned subsidiary

3. Interest receivable

	2011 £000	2010 £000
Interest income on cash and cash equivalents (note 16)	**2,000**	1,692
	2,000	1,692

Interest income was from deposit placed with BNP Paribas S A, the ultimate holding company with a weighted average interest rate of 0 548%

4. Other income

	2011	2010
	£000	£000
Fee income	29	86
	29	86

Fee is received from BNP Paribas S A the ultimate holding company £28,800 (2010 £86,400)

5 Administrative expenses

	2011	2010
	£000	£000
Bank administrative charges	2	-
Other expenses	10	-
	12	-

Bank administrative charges amounting to £1,594 are payable to BNP Paribas S A the ultimate holding company
Other Expenses includes global recharges from BNP Paribas S A the ultimate parent undertaking

6. Profit before taxation

a) Services provided by the Company's auditor

Services provided by the Company's auditor consisted of the statutory audit, at a cost of £23,400 (2010 £24,139) which will be borne BNP Paribas SA, the ultimate parent undertaking

b) Directors' emoluments

The Directors provide services to the Company, the ultimate parent undertaking and a number of fellow subsidiary undertakings The emoluments of all Directors are paid by the ultimate parent undertaking, therefore they are not disclosed in these financial statements

c) Number of employees

The Company had no employees during the year to 31 December 2011 (2010 none)

7 Taxation

Analysis of (charge) in year	2011 £000	2010 £000
Current tax — continuing operations	**(535)**	(498)
Taxation charge	**(535)**	(498)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 26 5% (2010 28%)

The charge for the year can be reconciled as follows

	2011 £000	2010 £000
Profit on ordinary activities before taxation	**36,197**	38,651
Current tax at 26 5% (2010 28%)	**(9,592)**	(10,822)
Effects of		
Non taxable dividend income	**8,996**	10,647
Non taxable impairment/charge/(credit) on investments	**61**	(323)
Tax (charge)/credit for the current year	**(535)**	(498)

8. Dividends

	2011 £000	2010 £000
Interest paid 2 76 pence (2010 3 17 pence) per share	**34,000**	38,900
	34,000	38,900

On 17 August 2011, the Company proposed and paid an interim dividend of 2 76 pence per share, amounting to a total of £34,000,000 (2010 £38,900,000) to BNP Paribas S A , the ultimate parent undertaking

9. Available-for-sale financial assets

The investment in IIF-Venture Capital amounting to USD2,030,462 is impaired and has been fully provided through a provision, resulting in a carrying value of nil (2010 nil)

10 Investments in subsidiaries

	2011 £000	2010 £000
Shares in subsidiary undertakings		
Cost at 1 January	**925,174**	925,174
Disposals	**-**	-
Cost at 31 December	**925,174**	925,174
The carrying value can be analysed as follows		
Investments in subsidiaries at cost	**925,174**	925,174
Impairment brought forward	**(31,635)**	(30,483)
Net impairment writeback/(charge) for the year	**233**	(1,152)
Disposals	**(5)**	-
Carrying value	**893,767**	893,539

The impairment review for equity investments comprises a comparison of the carrying amount of the asset with its recoverable amount which is considered to be the higher of fair value less cost to sell or value in use

The 2011 impairment review resulted in a write-back of £233k (2010 £1,152k write down) being reported for the equity investment in its subsidiary undertakings as stated below The total carrying value of these subsidiary undertakings have increased from £893,539k in 2010 to £893,767k, a net increase of £228k which is as a result of the net reversal of impairment charge for the year amounting to £233k less proceeds from liquidation amounting to £5k (see below)

On 14 June 2011, Extraright Limited, a wholly owned subsidiary was fully liquidated and proceeds from liquidation amounting to £5k were returned to the Company

10 Investments in subsidiaries *(continued)*

Subsidiary undertakings of the Company

In the opinion of the Directors, the value of the Company's investments in subsidiary undertakings is not less than the amounts at which they are stated in the financial statements

The subsidiary undertakings of the Company at 31 December 2011 were

	Principal activity	Type of share	Percentage holding
Abyard Nominees Limited	Dormant	Ordinary	100 00%
BNP Paribas Finance p l c	Banking	Ordinary	100 00%
BNP Paribas UK Treasury Limited	Banking	Ordinary	100 00%
Boug B V	Investment company	Ordinary	83 00%
Comptonia Nominees Limited	Dormant	Ordinary	100 00%
FPSUK (Nominees) Limited	Dormant	Ordinary	100 00%
Landspire Limited	Investment holding company	Ordinary	100 00%
BNP Capital Markets Limited	In liquidation	Ordinary	100 00%
BNP Paribas UK Group Pension Scheme Trustee Limited *	Dormant	Ordinary	100 00%
BNL (UK) Retirement Benefits Scheme Trustee Limited *	Dormant	Ordinary	100 00%
Paribas London Pension Scheme Trustees Limited *	Dormant	Ordinary	100 00%
Fortis UK Retirement Benefits Plan Trustee Limited *	Dormant	Ordinary	100 00%
BPSS Pension Scheme Trustee Limited *	Dormant	Ordinary	100 00%
BNPPLC Pension Scheme Trustee Limited *	Dormant	Ordinary	100 00%

All subsidiary undertakings, with the exception of Boug B V, are incorporated in Great Britain and registered in England and Wales Boug B V is incorporated in the Netherlands, and its operating activity is in the United Kingdom

* These entities were incorporated in February 2011

11 Other receivables

	2011 £000	2010 £000
Accrued interest receivable on cash and cash equivalents (note 16)	**68**	141
	68	141

Accrued interest receivable is due from BNP Paribas S A , the ultimate parent undertaking

12. Cash and cash equivalents

	2011 £000	2010 £000
Current account (note 16)	**8,747**	8,693
Term deposits (note 16)	**364,319**	363,704
	373,066	372,397

All cash and cash equivalents are held with BNP Paribas S A , the ultimate parent undertaking

Positive balances on the current account earn interest at the Bank of England Base Rate less 10 basis points Current account balances are repayable on demand

Term deposits placed with BNP Paribas S A , the ultimate parent undertaking on 23 December 2011 comprised a £364,319,228 two month deposit maturing on 23 February 2012, with an expected total interest of £467,462 at a rate of 0 755% The weighted average interest rate for term deposits placed during the year is 0 548%

13. Other payables

	2011 £000	2010 £000
Amounts due to subsidiary undertaking (note 16)	**-**	5
Other payables	**12**	-
	12	5

Included in other payables is bank administrative accrual payable to BNP Paribas S A , the ultimate parent undertaking Amounts due to subsidiary undertaking was offset with proceeds from liquidation of Extraright Limited, a wholly owned subsidiary during the year

14 Share capital

	2011 £000	2010 £000
Authorised		
1,232,000,000 Ordinary shares of £1 each	**1,232,000**	1,232,000
	1,232,000	1,232,000
Issued and fully paid		
1,227,000,000 Ordinary shares of £1 each	**1,227,000**	1,227,000
	1,227,000	1,227,000

The Company has in issue ordinary shares, which are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up

15 Financial risk management

The activities of the Company's subsidiaries expose it to a variety of financial risks credit risk, liquidity risk, market risk, foreign exchange risk, cash flow and fair value interest rate risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance The Company uses derivative financial instruments to manage certain risk exposures The exposures and risk management techniques have not changed significantly from the prior year

a) Credit risk

The Company takes on exposure to credit risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation Credit risk arises on other receivables and cash and cash equivalents due from other group companies

Maximum exposure to credit risk before collateral held or credit enhancements

	2011 £000	2010 £000
Other receivables	**68**	141
Cash and cash equivalents	**373,066**	372,397
	373,134	372,538

The above table represents a worse case scenario of credit risk exposure for the Company at 31 December 2011 and 2010 The exposures set out above are based on the carrying amounts as reported in the balance sheet

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due Other group companies will provide liquidity to the Company as and when cash is required The financial liabilities as shown in note 13 have a maturity of one year or less, or are on demand Consequently no liquidity table is provided

15 Financial risk management *(continued)*

c) Market risk
The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and credit spreads Exposure to market risk is monitored by the Directors

d) Interest rate risk
The Company is exposed to fair value interest rate risk from its fixed rate deposits The Company is exposed to cash flow interest rate risk from its floating rate cash balances It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging

i) Interest rate risk sensitivity

The sensitivity analyses below have been determined based on the following assumptions

- the exposure to interest rates is on all financial instruments held at the balance sheet date,
- the stipulated change took place at the beginning of the financial year and held constant throughout the reporting period,
- instruments that reprice within a period of six months are considered variable while those that reprice after six months are considered fixed, and
- a reasonable possible rate change is based on implied volatility rates observed in the market

Based on historic volatility a 100 basis point increase or decrease is considered a reasonably possible change in interest rates

The sensitivity analysis shown below is representative of the risks inherent in the Companies financial instruments The methods and assumptions used to prepare the sensitivity analysis are consistent for both reporting periods

If interest rates had been 100 basis points higher and all other variables were held constant, the Company's

- profit for the year ended 31 December 2011 would increase by £3 7m (2010 increase by £3 7m) This is mainly attributable to the Company's exposure to interest rates on its floating rate assets which exceed its floating rate liabilities, and
- other equity reserves would have been unaffected as there are no available-for-sale fixed rate instruments

A 100 basis point decrease in interest rates would have an inverse effect on profit or loss and equity of £3 7m (2010 decrease by £3 7m) The Company's sensitivity to interest rates has remained constant during the current year

e) Foreign exchange risk

The Company receives dividend income and interest income from its investments in subsidiaries and cash balances held with the ultimate parent undertaking, respectively denominated in foreign currencies Hence, exposures to exchange rate fluctuations arise The foreign exchange risk is managed by the central treasury department (Group Treasury) under policies approved by the Board of Directors for entities within the group At the 31 December 2011 and the 31 December 2010 the company had no material exposure to foreign currencies risk, hence no sensitivity analysis has been provided

16 Related party transactions

The following transactions were carried out with related parties

(i) *Income from investments in subsidiaries*

Interest income from investment in subsidiaries during the year amounted to £33,946,849 (2010 £38,025,000)

(ii) *Interest receivable*

Interest receivable from the ultimate parent undertaking, amounted to £2,000,277 (2010 £1,692,519)

Cash and cash equivalents bear interest at a rate of Bank of England Base Rate less ten basis points Term deposits carried a weighted average interest rate of 0 548% during the year

In respect of related party transactions, the outstanding balances receivable / (payable) as at 31 December 2011 were as follows

	Related party	2011 £	2010 £
Other receivables	Ultimate parent undertaking	**67,857**	141,031
Cash and cash equivalents	Ultimate parent undertaking	**373,066,202**	372,396,999
Amount due to subsidiary undertaking	Subsidiary undertaking	-	(5,000)

Costs including Directors' fees and emoluments of £nil (2010 £nil) (note 6), other key management compensation, audit fees, and services provided by support functions of the ultimate parent undertaking, (e g finance, legal and secretarial services) which are incidental to the Company's operations, were borne by the ultimate parent undertaking and no re-charge was made to the Company

17 Capital management

The Company categorises capital as Shareholders' equity and as at 31 December, 2011, the value was £1,266,688,248 (2010 £1,265,026,629) Any changes to this total between prior year and current year are as a result of profits and dividends paid

The Directors manage this by monitoring capital levels and where appropriate pay dividends to the parent undertaking Additionally, as and when necessary, the Directors will inject new capital by requesting funding from the ultimate parent undertaking

18 Ultimate parent undertaking

BNP Paribas SA the main provider of funds, is the immediate and ultimate parent and controlling party of the group, and is the smallest and largest group to consolidate these financial statements BNP Paribas SA is a company incorporated in France with limited liability

Copies of the group financial statements can be obtained from BNP Paribas SA, 16 boulevard des Italiens, 75009 Paris, France