Annual Report 2011

BNP Paribas Arbitrage Issuance B.V.

Herengracht 537
1017 BV Amsterdam, the Netherlands
Chamber of Commerce Amsterdam No. 33215278

CONTENTS

Managing Director's report

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

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas Group.

Audit committee
The Company qualifies as an organisation of public interest pursuant Dutch and EU law. By making use of the exemption for groups the Company did not install an audit committee. The Company belongs to the BNP Paribas group which has an audit committee that complies with international corporate governance rules.

Operating result
The Company has issued in 2011 also securities with pledged collateral with a guarantee of BNP Paribas S.A.

The net profit for the financial year 2011 was EUR 21,233 (2010: profit EUR 28,537).

Liquidity and shareholder's equity
No significant changes to liquidity resources occurred and equity increased with the result for the period. Liquidity and capital resources are considered sufficient given the size and nature of the Company.

Risks and uncertainties
Market risk
The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, all issued securities are hedged by OTC option and swap agreements with BNP Paribas group entities and therefore these risks are completely mitigated

Credit risk
The Company has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is under supervision of the French central bank, management considers these risks as acceptable. The long term debt of BNP Paribas is rated (AA-) by Standard & Poor's and (Aa3) by Moody's.

Liquidity risk
The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

Employees
The Company employs no personnel.

Office address
On 9 December 2011 the Company moved to a new office and registered address, being Herengracht 537, 1017 BV Amsterdam.

Future outlook
It is expected that the activities of the Company will remain in 2012 on the same level as in 2011.

Amsterdam, April 16, 2012.
The Managing Director,

Signed by
BNP Paribas Trust B.V.

BALANCE SHEET AT DECEMBER 31, 2011
(before appropriation of the net result)

	Notes	31.12.2011 EUR	31.12.2010 EUR
ASSETS			
Financial fixed assets			
OTC contracts	1	22,128,052,711	22,527,434,243
Current assets			
OTC contracts	1	10,218,357,778	10,429,808,218
Taxes receivable		51,661	59,552
Accounts receivable group		1,160,684	1,101,547
Cash at banks		348,387	337,838
		10,219,918,510	10,431,307,155
TOTAL ASSETS		**32,347,971,221**	**32,958,741,398**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2		
Share capital issued and paid up		45,379	45,379
Retained earnings		300,271	271,734
Result for the period		21,233	28,537
		366,883	345,650
Long term liabilities			
Issued securities	3	22,128,052,711	22,527,434,243
Current liabilities			
Issued securities	3	10,218,357,778	10,429,808,218
Other liabilities – non group		789,303	603,951
– group		404,546	549,336
		10,219,551,627	10,430,961,505
TOTAL EQUITY AND LIABILITIES		**32,347,971,221**	**32,958,741,398**

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2011

	Notes	2011 EUR	2010 EUR
Net result financial instruments	4	0	0
Other income	5	317,178	414,156
Operating income		317,178	414,156
Operating expenses			
General and administrative expenses		(288,344)	(376,506)
Operating result		28,834	37,650
Interest income		174	201
Interest expenses and similar charges		(2,465)	(1,927)
Profit before taxation		26,543	35,924
Corporate income tax	6	(5,310)	(7,387)
Profit after taxation		**21,233**	**28,537**

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	**2010**
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	3,734,361	4,130,033
Received reimbursed general expenses	464,666	260,321
Paid issuing expenses	(3,879,330)	(3,755,774)
Paid general expenses	(343,010)	(435,035)
Paid taxes	33,861	(6,624)
Cash flow from operating activities	10,548	192,921
Cash flow from financing activities	0	0
Increase/ (decrease) cash at banks	10,548	192,921
Movements in cash at banks		
Cash at banks at January 1	337,839	144,917
Increase/ (decrease) cash at banks	10,548	192,921
Cash at banks	348,387	337,838

NOTES TO THE FINANCIAL STATEMENTS

GENERAL

BNP Paribas Arbitrage Issuance B.V. (the Company), having its registered address at Amsterdam, was incorporated under the law of the Netherlands on November 10, 1989 as a private limited liability company.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas Group.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company. The annual reports of BNP Paribas S.A. can be found on the website www.bnpparibas.com.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
The annual accounts of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands and in conformity with Title 9, Book 2 of the Netherlands Civil Code. All amounts are stated in euros, the reporting currency, unless stated otherwise.

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

Accounting convention
The accounts are prepared under the historical cost convention modified by the translation of foreign currencies.

Recognition of income and expenses
Other income and general and administrative expenses are taken in the year to which they relate. Profits are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

If securities are exercised against the Company, the Company fulfils its obligation by exercising the related OTC contracts with entities of the BNP Paribas group as the case may be. Issued securities and related OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related OTC contracts are released without any further future obligation for the Company.

Valuation of assets and liabilities - general
Unless indicated otherwise, assets and liabilities are stated at nominal value.

Financial instruments
Financial instruments include accounts receivable and accounts payable, cash at bank and cash equivalents, issued securities and acquired OTC contracts. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Derivatives
Derivatives are measured and accounted for at fair value upon initial recognition and at subsequent dates. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. On initial recognition, the value of a derivative is generally the transaction price (i.e. the value of the consideration paid or received).

Fair value is determined:
- based on quoted prices in an active market; or
- using valuation techniques involving:
  - mathematical calculation methods based on accepted financial theories, and
  - parameters derived in some cases from the prices of instruments traded in active markets, and in others from statistical estimates or other quantitative methods resulting from the absence of an active market.

Whether or not a market is active is determined by a variety of factors. Characteristics of an inactive market include a significant decline in the volume and level of trading activity in identical or similar instruments, a significant variation of the available prices over time or among market participants or the observed transaction prices are not current.

Use of quoted prices in an active market
If quoted prices in an active market are available, they are used to determine fair value. These represent directly quoted prices for the issued derivatives.

Use of models to value unquoted derivatives
Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings. Some derivatives, although not traded in an active market, are valued using methods based on observable market data. These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions.

The valuation using models is derived from median market prices and is adjusted for liquidity and credit risk. Similarly, a counterparty risk adjustment is included in the valuation derived from the model in order to reflect the credit quality of the derivative instrument. Other illiquid complex derivatives are valued using internally developed techniques, which are entirely based on data or on partially non-observable active markets. In the absence of observable inputs, these instruments are measured on initial recognition in a way that reflects the transaction price, regarded as the best indication of fair value. Valuations derived from these models are adjusted for liquidity risk and credit risk.

Lastly, the fair value of unlisted equity derivatives is measured in comparison with recent transactions in the equity of the company in question carried out with an independent third party on an arm's length basis. If no such points of reference are available, the valuation is determined either on the basis of generally accepted practices (EBIT or EBITDA multiples) or of the group's share of net assets calculated using the most recent information available.

The OTC contracts have the same values as their related securities.

Currencies
Balance sheet items not being derivatives denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date in principle as given by the European Central Bank. Transactions in foreign currencies during the reporting period have been incorporated at the rate of settlement.

The premiums of the issued securities and the cost of the related OTC contracts are denominated in different currencies. Moreover, the underlying contracts of the securities have their own currency denominations, which are often based on a basket of currencies. The net effect of the currency risk is nil though, as this risk is completely hedged. The currency risk is not specified, as this information is not readily available and can only be obtained at unreasonable high cost.

Corporate income tax
Tax on result is calculated by applying the rates for the financial year to the result in the profit and loss account.

FINANCIAL RISK MANAGEMENT

Market risk
The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to

general and specific market movements. However, all issued securities are hedged by OTC option and swap agreements with BNP Paribas group entities and therefore these risks are completely mitigated..

Credit risk
The Company has a significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that BNP Paribas S.A. is under supervision of the French central bank, management considers these risks as acceptable. The long term debt of BNP Paribas is rated (AA-) by Standard & Poor's and (Aa3) by Moody's.

Liquidity risk

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of securities, the hedging of the related exposures and the reimbursement of costs. These agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the direct method and consists of cash only, interest is taken into account under paid general expenses.

Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. This procedure is reflected in the cash flow report under the heading “Issuing of securities against OTC coverage”.

NOTES TO THE BALANCE SHEET

1. OTC contracts
For all issued securities OTC contracts with BNP Paribas group companies are agreed having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise are identical. Refer to note 3 for the details of the issued securities and hence the OTC contracts.

2. Shareholder’s equity
Share capital:
The Company’s authorised share capital amounts to EUR 225,000 (225,000 common shares of EUR 1 each), of which 45,379 shares are issued and fully paid-up.

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

Retained earnings:
The movement is as follows:

	EUR	EUR
	2011	2010
Opening balance	271,734	234,781
Appropriation result previous year	28,537	36,953
Closing balance	300,271	271,734

3. Issued securities

The Company establishes securities programmes and issues securities such as warrants, notes and certificates exercisable pursuant to the terms and conditions of such securities programmes. Entities of the BNP Paribas group have agreed to purchase the securities at the same time. The entities of the BNP Paribas group distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the third parties.

Specification of the outstanding issued securities and related OTC contracts at balance sheet date:

	Market value	**Nominal value**
	EUR	EUR
- Up to 1 year	10,218,357,778	12,922,345,029
- From 1- 5 years	18,486,820,225	22,583,134,223
- Exceeding 5 years	3,641,232,486	4,032,198,171
Total as per December 31, 2011	32,346,410,489	39,537,677,423
Total as per December 31, 2010	32,957,242,461	37,463,691,924

Represented in the balance sheet as per December 31, 2010 as follows:

	EUR
- under financial fixed assets and long term liabilities	22,128,052,711
- under current assets and current liabilities	10,218,357,778
	32,346,410,789

When issued, securities are publicly offered or privately placed. Sometimes privately placed securities are listed for the secondary market. Listed securities are listed on stock exchanges in and outside the European Union; the related OTC contracts are not listed.

No accrued interest is presented in the balance sheet because the accrued interest is part of the market value of the derivatives as disclosed in the balance sheet. The net result on the derivatives equals zero and is recorded on a net basis in the profit and loss account, see note 4.

NOTES TO THE PROFIT & LOSS ACCOUNT

4. Net result financial instruments

The net result derivatives includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related OTC contracts. As the Company enters into an OTC option or swap agreement with a BNP Paribas group company at each issue of securities at exactly the same terms and conditions of the issued security, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

5. Other income

Other income concerns general and administrative expenses of the Company increased with an up-count of 10%, based on a cost plus agreement concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas group companies.

6. Corporate income tax

The corporate income tax is the estimated charge for the period amounting to EUR 5,310. The rates for the financial year 2011 are 20 and 25%. The effective rate for the period is 20%.

Issuing expenses and remunerations

Issuing expenses are expenses related to the issuing of the securities for account of the Company and are reimbursed by BNP Paribas group companies, if charged to the Company.

The sole director of the Company has charged a management fee of EUR 35,376 over 2011 (2010: EUR 40,376).

A fee amount of EUR 23,500 will be charged to the Company for the financial year 2011 as audit fee (2010: EUR 23,500). No additional amount has been charged by Deloitte Accountants B.V. to the Company during the reporting period for audit-related fees (2010: EUR 13,500). No other fees were paid to member firms and affiliates of Deloitte Accountants B.V. in 2011 and 2010.

Commitments, contingencies and off-balance items

The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 21,028,759.

Employees

The Company employs no personnel.

Amsterdam, April 16, 2012.
The Managing Director,

Signed by
BNP Paribas Trust B.V.

OTHER INFORMATION

STATUTORY ARRANGEMENTS CONCERNING THE APPROPRIATION OF PROFITS

In accordance with article 20 of the articles of association of the Company profits are at the disposal of the general meeting of shareholders.
No dividends can be declared if the shareholder's equity is less than the total of the paid in capital and the legal reserves.

APPROPRIATION OF THE RESULTS FOR THE YEARS 2010 AND 2011

The profit of the year 2010 has been added to the retained earnings.
The Managing Director proposes to the general meeting of shareholders to add the profit made by the Company during the year 2011 to the retained earnings. The financial statements do not reflect this proposal.

SUBSEQUENT EVENTS

No subsequent events have occurred.

AUDIT

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

OFFICERS' STATEMENT

Amsterdam, April 16, 2012

To the best of our knowledge we declare that:
1. the annual accounts 2011 give a fair view of the assets, the financial position and the profit of the Company; and
2. the annual report 2011 gives a fair view of the Company's condition on the balance sheet date, the development of the Company during the financial year and all material risks to which the Company is exposed.

Signed by

H.E. Sijsling	C. Toelaram
Director	Administrator

BNP Paribas Trust B.V.

Deloitte.

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Independent auditor's report

To the Shareholder of BNP Paribas Arbitrage Issuance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of BNP Paribas Arbitrage Issuance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Deloitte.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of BNP Paribas Arbitrage Issuance B.V. as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the managing director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the managing director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, April 16, 2012

Deloitte Accountants B.V.

Already signed: R.J.M. Maarschalk