

**Interim financial statements
for the period ending 30 June 2012**

BNP Paribas Arbitrage Issuance B.V.

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

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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 net profit for the period was EUR 11,989 (the six months' period ended 30 June 2011 profit EUR 11,341).

Liquidity and shareholder's equity

No significant changes to liquidity resources occurred, equity increased with the result for the period. Liquidity and capital resources are considered sufficient given the 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 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 (A+) 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 in the second half of 2012 will remain on the same level as in the first half of 2012.

Statement

To the best of our knowledge we declare that:

1. the interim financial statements at June 30, 2012 give a fair view of the assets, the financial position and the profit of the Company; and
2. the interim financial report at June 30, 2012 gives a fair view of the Company's condition on balance sheet date, the development of the Company during the six month period ended 30 June 2012 and all material risks to which the Company is exposed.

Amsterdam, August 31, 2012

The Managing Director,

Signed by
BNP Paribas Trust B.V.

BALANCE SHEET AT JUNE 30, 2012
(before appropriation of the net result)

	Notes	<u>30.06.2012</u> EUR	<u>31.12.2011</u> EUR
ASSETS			
Financial fixed assets			
OTC contracts	1	<u>24,421,849,518</u>	<u>22,128,052,711</u>
Current assets			
OTC contracts	1	11,126,895,308	10,218,357,778
Taxes receivable		67,479	51,661
Accounts receivable group		1,092,257	1,160,684
Cash at banks		393,188	348,387
		<u>11,128,448,232</u>	<u>10,219,918,510</u>
TOTAL ASSETS		<u>35,550,297,750</u>	<u>32,347,971,221</u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital issued and paid up	2	45,379	45,379
Retained earnings		321,504	300,271
Result for the period		11,989	21,233
		<u>378,872</u>	<u>366,883</u>
Long term liabilities			
Issued securities	3	<u>24,421,849,518</u>	<u>22,128,052,711</u>
Current liabilities			
Issued securities	3	11,126,895,308	10,218,357,778
Other liabilities – non group		574,946	789,303
– group		599,106	404,546
		<u>11,128,069,360</u>	<u>10,219,551,627</u>
TOTAL EQUITY AND LIABILITIES		<u>35,550,297,750</u>	<u>32,347,971,221</u>

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2012

		Period 1.1 to 30.6.2012	Period 1.1 to 30.6.2011
	Notes	EUR	EUR
Net result financial instruments	4	0	0
Other income	5	180,590	167,928
Operating income		<u>180,590</u>	<u>167,928</u>
Operating expenses			
General and administrative expenses		<u>(164,173)</u>	<u>(152,662)</u>
Operating result		16,417	15,266
Interest income		99	0
Interest expenses and similar charges		<u>(1,570)</u>	<u>(1,090)</u>
Profit before taxation		14,946	14,176
Corporate income tax	6	(2,957)	(2,835)
Profit after taxation		<u><u>11,989</u></u>	<u><u>11,341</u></u>

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2012

	Period 1.1 to 30.6.2012	Period 1.1 to 30.6.2011
	EUR	EUR
Cash flow from operating activities		
Issuing of securities against OTC coverage	0	0
Received reimbursed issuing expenses	2,536,445	2,065,338
Received reimbursed general expenses	109,791	311,452
Paid issuing expenses	(2,567,594)	(2,235,504)
Paid general expenses	(96,803)	(206,017)
Paid taxes	62,962	5,941
Cash flow from operating activities	<u>44,801</u>	<u>(58,790)</u>
Cash flow from financing activities	0	0
Increase/ (decrease) cash at banks	<u>44,801</u>	<u>(58,790)</u>
Movements in cash at banks		
Cash at banks at January 1	348,387	337,838
Increase/ (decrease) cash at banks	44,801	(58,790)
Cash at banks	<u>393,188</u>	<u>279,048</u>

SHAREHOLDER'S EQUITY AT JUNE 30, 2012

	<u>30.06.2012</u>	<u>31.12.2011</u>
	EUR	EUR
Shareholder's equity		
Share capital issued and paid up	45,379	45,379
Retained earnings	321,504	300,271
Result for the period	11,989	21,233
TOTAL SHAREHOLDER'S EQUITY	<u><u>378,872</u></u>	<u><u>366,883</u></u>

NOTES TO INTERIM 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 the Dutch Guideline for Annual Reporting 394 on Interim Reports. All amounts are stated in euros, the reporting currency, unless stated otherwise.

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

Accounting convention

The 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 amortised cost.

Financial instruments

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

Derivatives (Issued securities and OTC's)

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 could be 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).

The fair values of OTC contracts are calculated in the same way as their related issued 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.

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".

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 (A+) 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.

NOTES TO THE BALANCE SHEET

1. OTC contracts

For all issued securities OTC contracts with BNP Paribas group companies have 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
	2012	2011
Opening balance	300,271	271,734
Appropriation result previous year	21,233	28,537
Closing balance	<u>321,504</u>	<u>300,271</u>

3. Issued securities

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

The issued securities and related OTC contracts can be specified as follows:

Comparison market value to nominal value:

2012	<u>Fair value</u>	<u>Nominal value</u>
	EUR	EUR
- Up to 1 year	11,126,895,308	13,968,096,893
- From 1- 5 years	20,613,230,313	24,111,047,405
- Exceeding 5 years	3,808,619,205	4,198,826,495
Total as per June 30, 2012	<u>35,548,744,826</u>	<u>42,277,970,793</u>

2011	<u>Fair value</u>	<u>Nominal value</u>
	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	<u>32,346,410,489</u>	<u>39,537,677,423</u>

Specification (fair value) based on method of valuation

2012	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	EUR	EUR	EUR	EUR
Warrants				
underlying shares	0	4,383,356,904	130,722,644	4,514,079,548
underlying indices	0	913,899,964	26,552,820	940,452,784
underlying currencies	0	22,484,411	0	22,484,411
underlying commodities	0	34,373,705	2,527,876	36,901,581
underlying funds	0	92,237,422	0	92,237,422
underlying futures	0	5,342,664	0	5,342,664
underlying credits	0	11,014	0	11,014
Underlying interest rates	1,719,597	90,449	0	1,810,046
	<u>1,719,597</u>	<u>5,451,796,533</u>	<u>159,803,340</u>	<u>5,613,319,470</u>

BNP Paribas Arbitrage Issuance B.V.

2012	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Certificates				
underlying shares	0	6,668,783,710	200,227,882	6,869,011,592
underlying indices	0	17,495,509,358	1,837,993,744	19,333,503,102
underlying currencies	6,815,872	111,079,156	0	117,895,028
underlying commodities	0	1,264,564,919	141,497,565	1,406,062,484
underlying funds	0	415,091,815	401,993,484	817,085,299
underlying futures	0	60,957,181	24,700,526	85,657,707
underlying credits	38,762,173	383,316,122	0	422,078,295
Underlying interest rates	0	109,452,365	0	109,452,365
	<u>45,578,045</u>	<u>26,508,754,626</u>	<u>2,606,413,201</u>	<u>29,160,745,872</u>
MTN's				
underlying shares	0	17,091,636	0	17,091,636
underlying indices	0	755,827,322	1,760,526	757,587,848
	<u>0</u>	<u>772,918,958</u>	<u>1,760,526</u>	<u>774,679,484</u>
Total as per June 30, 2012	<u>47,297,642</u>	<u>32,733,470,117</u>	<u>2,767,977,067</u>	<u>35,548,744,826</u>
2011	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Warrants				
underlying shares	0	3,829,374,306	99,953,804	3,929,328,110
underlying indices	0	1,256,770,643	6,988,560	1,263,759,203
underlying currencies	0	56,755,704	0	56,755,704
underlying commodities	0	70,897,406	0	70,897,406
underlying funds	0	136,525,772	0	136,525,772
underlying futures	0	8,978,924	0	8,978,924
underlying credits	0	26,385	0	26,385
underlying interest rates	8,944	651,590	0	660,534
	<u>8,944</u>	<u>5,359,980,730</u>	<u>106,942,364</u>	<u>5,466,932,038</u>
Certificates				
underlying shares	0	4,847,046,698	155,344,398	5,002,391,096
underlying indices	0	17,172,231,936	1,491,539,809	18,663,771,745
underlying currencies	4,036,860	77,225,233	0	81,262,093
underlying commodities	0	750,639,744	72,867,073	823,506,817
underlying funds	0	750,416,768	387,730,459	1,138,147,227
underlying futures	0	43,060,325	23,882,817	66,943,142
underlying credits	65,767,756	471,671,774	0	537,439,530
underlying interest rates	0	149,618,684	0	149,618,684
	<u>69,813,560</u>	<u>24,261,911,162</u>	<u>2,131,364,556</u>	<u>26,463,080,334</u>
MTN's				
underlying shares	0	15,543,857	0	15,543,857
underlying indices	0	389,865,304	10,988,956	400,854,260
	<u>0</u>	<u>405,409,161</u>	<u>10,988,956</u>	<u>416,398,117</u>
Total per December 31, 2011	<u>69,813,560</u>	<u>30,027,301,053</u>	<u>2,249,295,876</u>	<u>32,346,410,489</u>

Fair value is determined:

- based on quoted prices in an active market (level 1); 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 (level 2), and in others from statistical estimates or other quantitative methods resulting from the absence of an active market (level 3).

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.

Level 1 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.

Level 2

Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlying financial instruments. 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 parameters are derived from median market prices of equities, indices, currencies, commodities, inter-bank interest rate curves and/or interest swap rates and are adjusted for liquidity and credit risk.

Level 3

The securities are valued using internally developed techniques, which are entirely based on assumptions 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.

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 majority of the issued securities are not traded actively in active markets. All given estimated fair values are related to the market conditions prevailing at June 30, 2012; the future values may differ. The fair values using the valuation techniques described under Level 2 and Level 3 are for certain extent subjective and are based on assumptions.

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

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

Conditions that can influence the future cash flow

In general it is assumed that the securities and the related OTC contracts are exercised at the exercise dates mentioned in the final terms of the securities against the fair value as determined. Based on these two assumptions the above specification based on maturity has been prepared. Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. Conditions that could influence future cash flows will have therefore no impact on the cash flow of the Company.

NOTES TO THE PROFIT & LOSS ACCOUNT

4. Net result financial instruments

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

5. 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 2,990 and provision difference 2011 of EUR 33. The rates for the financial year 2012 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 25,063 over the reporting period (over the first six months of 2011: EUR 22,424).

BNP Paribas Arbitrage Issuance B.V.

A fee of EUR 26,500 will be charged by Mazars Paardekooper Hoffman Accountants N.V. (“Mazars”) to the Company for the financial year 2012 as audit fee (2011: EUR 23,500 to Deloitte Accountants B.V.). An additional amount of EUR 5,000 has been charged by Deloitte Accountants B.V. to the Company during the reporting period for audit-related fees (2011: EUR 6,100). No other fees were paid to member firms and affiliates of Deloitte Accountants B.V. or Mazars in 2012 and 2011.

Commitments, contingencies and off-balance items

The Company has issued securities with pledged collateral. The value of the pledged collateral amounts to EUR 85,896,235.

Employees

The Company employs no personnel.

Amsterdam, August 31, 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.

SUBSEQUENT EVENTS

No subsequent events have occurred.

REVIEW

The review report is included on the next page.

KH/AH2524A

REVIEW REPORT

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

INTRODUCTION

We have reviewed the accompanying interim financial information of BNP Paribas Arbitrage Issuance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2012, the profit and loss account for the six-month period ended at 30 June 2012 and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amsterdam, 31 August 2012

MAZARS PAARDEKOOPEL HOFFMAN ACCOUNTANTS N.V.

Was signed by: drs. C.A. Hartevelde RA