

BNP PARIBAS U.K. HOLDINGS LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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BNP PARIBAS U.K. HOLDINGS LIMITED

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BNP PARIBAS U.K. HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic report of BNP Paribas U.K. Holdings Limited ("the Company") for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is to act as a holding company for a number of BNP Paribas Group subsidiaries. "Group" relates to BNP Paribas, the ultimate parent undertaking, and other BNP Paribas Group undertakings.

Review of the business

As shown in the Company's income statement, profit for the year was £8.1 million (2016: £4.6 million) and has increased by £3.5 million. This is due to an increase in dividend income received from Boug B.V.

Total shareholders' funds for the year ended 31 December 2017 were £1,239 million (2016: £1,233 million).

An interim dividend of £1.6 million was paid on 12 May 2017 (2016: £24 million).

Business development and performance

The Company continues to act as a holding company.

Principal risks and uncertainties

The Company's activities expose it to a variety of financial risks: credit risk and market risk.

Refer to note 14 for more details on financial risk management.

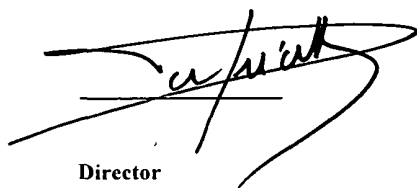
Strategic aims

The Company aims to provide sustainable returns to its immediate parent undertaking.

Future developments

The Directors will continue to actively manage the Company and consider any suitable future investment opportunities.

On behalf of the Board



Director

17 May 2018

BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

The Company is a wholly-owned subsidiary of BNP Paribas, the ultimate parent undertaking, a Company incorporated in France. The Company is incorporated in the United Kingdom and registered in England and Wales.

Future developments

Refer to note under Strategic report on page 2.

Overview of Risk Management

The Directors are responsible for identifying risks to which the Company is exposed and for implementing a risk management programme. Financial risk is considered to have the highest potential for a loss event and is explained in further detail below.

Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk and market 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.

Refer to note 14 for more details on financial risk management.

Dividends

During the year, the Directors declared and paid an interim dividend on ordinary shares of £1.6 million (2016: £24 million).

Charitable and political donations

There were no charitable or political contributions made during the year (2016: £ nil).

Directors

The Directors holding office during the year and to the date of this report were:

Jean-Luc Bordeyne	
Marc Yves Carlos	
Patrick Colle	
Francois Draveny	(Resigned 24 February 2017)
Pascal Fischer	(Resigned 15 March 2018)
Bernard Gavvani	
Nathalie Hartmann	(Appointed 01 October 2017)
Lars Machenil	
Eric Jacques Martin	(Resigned 01 October 2017)
Ludovic de Montille	(Resigned 31 December 2017)
Veronique Ormezzano	(Appointed 08 June 2017)
Alain Papiasse	
Donald Paul Reynolds	
Thierry Varene	
Anne Marie Verstraeten	
Yannick Jung	(Appointed 22 March 2018)

BNP PARIBAS U.K. HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Directors' third party indemnity provisions

BNP Paribas, 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.

Going concern and liquidity

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 financial statements.

The Company has adequate financial resources in the form of cash and cash equivalents and loans and receivables, which more than cover any liabilities under which it is currently obligated.

Independent Auditors and disclosure of information to auditors

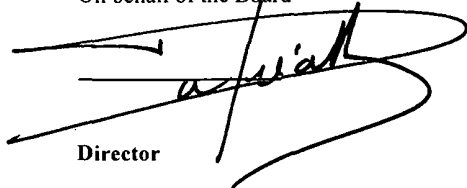
PricewaterhouseCoopers LLP will continue to hold office in accordance with Section 487 of the Companies Act, 2006.

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 auditors are 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 auditors are 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.

On behalf of the Board



Director

17 May 2018

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors are responsible for preparing the Strategic report, Directors' 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 prepared 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

BNP PARIBAS U.K. HOLDINGS LIMITED

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

Report on the audit of the financial statements

Opinion

In our opinion, BNP Paribas U.K. Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows 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.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2017 (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of cash flows, the statement of changes in equity for the year ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

BNP PARIBAS U.K. HOLDINGS LIMITED

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Iwan Griffiths (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 May 2018

BNP PARIBAS U.K. HOLDINGS LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
Income from investments in subsidiaries	2	6,645	3,300
Interest income	3	1,862	1,594
Administrative expenses	4	(25)	(24)
Impairment (charge) / writeback on investments in subsidiaries	8	(46)	92
Profit before taxation	5	8,436	4,962
Taxation	6	(354)	(314)
Profit for the year		8,082	4,648

The results for both years are wholly derived from continuing operations.

There was no other comprehensive income for the year ended 31 December 2017 or the prior year.

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	832,823	832,869
Total Non-current assets		832,823	832,869
Current assets			
Loans and receivables	9	406,000	399,550
Other receivables	10	331	301
Cash and cash equivalents	11	596	465
Total current assets		406,927	400,316
TOTAL ASSETS		1,239,750	1,233,185
EQUITY			
Share capital	13	1,227,000	1,227,000
Share premium		220	220
Other reserve		3,731	3,731
Retained earnings		8,082	1,587
TOTAL EQUITY		1,239,033	1,232,538
LIABILITIES			
Current liabilities			
Other payables		49	24
Corporation tax payable		668	623
Total current liabilities		717	647
TOTAL LIABILITIES		717	647
TOTAL EQUITY AND LIABILITIES		1,239,750	1,233,185

The financial statements on pages 8 to 23 were approved by the Board of Directors on 17 May 2018 and were signed on its behalf and authorised for issue by:



Director

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Other reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2016	1,227,000	220	3,731	20,939	1,251,890
Profit for the year	-	-	-	4,648	4,648
Dividend on ordinary shares (note 7)	-	-	-	(24,000)	(24,000)
Balance as at 31 December 2016	1,227,000	220	3,731	1,587	1,232,538
Balance as at 1 January 2017	1,227,000	220	3,731	1,587	1,232,538
Profit for the year	-	-	-	8,082	8,082
Dividend on ordinary shares (note 7)	-	-	-	(1,587)	(1,587)
Balance as at 31 December 2017	1,227,000	220	3,731	8,082	1,239,033

The Other Reserve of £3.7 million arose on adoption of IAS 32 "Financial Instruments: Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" in 2004 from the difference between the nominal value and fair value at issue of Redeemable 'A' shares.

BNP PARIBAS U.K. HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit before taxation		8,436	4,962
Adjustments for:			
— income from investments in subsidiaries		(6,645)	(3,300)
— interest income		(1,862)	(1,594)
— impairment charge / (writeback) on investment in subsidiaries		46	(92)
— administrative expenses		25	24
Cash flows generated from operating activities		-	-
Interest received		1,832	1,444
Tax paid		(309)	(156)
Net cash flows generated from operating activities		1,523	1,288
Cash flows from investing activities			
Dividend received from subsidiaries		6,645	3,300
Loans and receivables	9	(6,450)	(399,550)
Net cash flows generated from / (used in) investing activities		195	(396,250)
Cash flows from financing activities			
Interim dividends paid on ordinary shares		(1,587)	(24,000)
Net cash flows used in financing activities		(1,587)	(24,000)
Net increase / (decrease) in cash and cash equivalents		131	(418,962)
Opening cash and cash equivalents		465	419,427
Closing cash and cash equivalents	11	596	465

The above is prepared using the indirect method of reporting cash flows from operating activities.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

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 and the prior year, 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 Companies Act 2006 that applies to companies reporting under IFRS, and IFRS IC interpretations. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(b).

There are no new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2017, that have material effect on the financial statements as at 31 December 2017.

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. None of these are expected to have a significant effect on the financial statements of the Company.

IFRS 9 Financial Instruments, provides revised guidance on the classification and measurement of financial assets, introduces a new expected credit loss model for calculating impairment and incorporates final general hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company has assessed the impact of this standard and does not expect it to have a significant effect on the financial statements of the Company.

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 requirement 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 which is a company incorporated in France. Copies of the group financial statements can be obtained from BNP Paribas, 16 boulevard des Italiens, 75009 Paris, France.

Going concern and liquidity

As stated in the Directors' report, the Directors have at the date of approving the financial statements a reasonable expectation that the Company 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 financial statements.

b) Critical accounting estimates and judgements

The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as the impairment review of investments in subsidiaries (note 8).

c) 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

Interest income arises from loans and receivables and is recognised in the income statement using the effective interest rate method.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting Policies *(continued)*

d) 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, being 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 within other income.

e) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment.

f) 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 writeback of impairments of previously impaired investments in subsidiaries is recognised as a gain in the income statement in the year in which it occurs.

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h) 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 measured 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 equity.

When available-for-sale financial assets are sold, impaired or derecognised, the accumulated fair value adjustments recognised in equity are included in the income statement. Dividend income from available-for-sale investments is recognised in the income statement when the Company's right to receive the dividend is established.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting Policies (*continued*)

i) 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.

j) Taxation

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

k) 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.

l) 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 initially measured at fair value or equivalent and then subsequently measured at amortised cost using effective interest method less any impairment.

m) Impairment of financial assets

Assets carried at amortised cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower (for example, equity ratio, net income as a percentage of sales);
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below investment grade level.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective rate.

n) Other financial assets and liabilities

The Company classifies its other financial assets as receivables. Receivables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Company classifies its other financial liabilities as payables. Payables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Income from investments in subsidiaries

	2017 £'000	2016 £'000
Dividend income from equity investments in subsidiaries	6,645	3,300

Dividend income during the year was received from Boug B.V. of £6.6 million (2016: £3.3 million) and Landspire Limited of £0.04 million (2016: £ nil).

3. Interest income

	2017 £'000	2016 £'000
Interest income on loans and receivables	1,862	1,594

Interest income represents interest received on deposits with BNP Paribas, the ultimate parent undertaking.

4. Administrative expenses

	2017 £'000	2016 £'000
Audit fees	(25)	(24)

Auditors' remuneration in respect of audit fees is £25,450 (2016: £23,944). There are no fees relating to other services provided by the Company's auditors.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Profit before taxation

The following costs have not been included in arriving at profit before taxation:

a) Services provided by the ultimate parent undertaking

As a wholly owned subsidiary of the BNP Paribas Group, the Company is provided with management, support and infrastructure services by BNP Paribas, the ultimate parent undertaking. It is not possible to make an accurate apportionment of the costs attributed to providing these services. Accordingly no recharge is made to the Company in respect of these services.

b) Directors' emoluments

The Directors provide services to the Company, BNP Paribas, the ultimate parent undertaking and a number of fellow subsidiary undertakings. The emoluments of all Directors in the current and prior year are paid by BNP Paribas, the ultimate parent undertaking. The ultimate parent undertaking makes no recharge to the Company as it is not possible to make an accurate apportionment of Directors' emoluments in respect of each of the subsidiaries.

c) Number of employees

The Company had no employees during the year to 31 December 2017 (2016: none).

6. Taxation

a) Analysis of tax charge for the year

	2017	2016
	£'000	£'000
Current tax:		
UK corporation tax on profits for the year	(354)	(314)
Tax charge for the year	(354)	(314)

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****6. Taxation (continued)****b) Factors affecting tax charge for the year**

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

The charge for the year can be reconciled as follows:

	2017 £'000	2016 £'000
Profit before taxation	8,436	4,962
Profit before tax multiplied by corporation tax in the UK of 19.25% (2016: 20%)	(1,624)	(992)
<i>Effects of:</i>		
Dividend income	1,279	660
Impairments not deductible	(9)	18
Tax charge for the current year	(354)	(314)

7. Dividends

	2017 £'000	2016 £'000
Dividends paid: £0.001 (2016: £0.02) per share	(1,587)	(24,000)

On 12 May 2017 the Company declared and paid an interim dividend of £0.001 per share (2016: £0.02 per share), amounting to a total of £1.6 million (2016: £24 million) to BNP Paribas, the ultimate parent undertaking.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****8. Investments in subsidiaries**

	2017 £'000	2016 £'000
Shares in subsidiary undertakings		
Cost at 1 January	863,016	863,016
Cost at 31 December	863,016	863,016
Impairment provision at 1 January	(30,147)	(30,239)
Impairment (charge) / writeback	(46)	92
Impairment provision at 31 December	(30,193)	(30,147)
Recoverable amount at 31 December	832,823	832,869

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.

Subsidiary undertakings of the Company

In the opinion of the Directors, the fair 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 2017 were:

Name of the subsidiary	Principal activity	Type of share	Percentage holding
BNP Paribas Finance Limited	Banking	Ordinary	100%
Boug B.V.	Investment company	Ordinary	83%
Landspire Limited	Investment company	Ordinary	100%

The address of the registered office for all subsidiary undertakings is 10 Harewood Avenue, London, NW1 6AA, United Kingdom.

All subsidiary undertakings, with the exception of Boug B.V. are incorporated in the United Kingdom. Boug B.V. is incorporated in the Netherlands and its place of business is in the United Kingdom.

BNP PARIBAS U.K. HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****9. Loans and receivables**

	31 December 2017 £'000	31 December 2016 £'000
Loans and receivables	406,000	399,550

Loans and receivables comprises a deposit for £406 million (2016: £400 million) placed with BNP Paribas, the ultimate parent undertaking, at an interest rate of 0.6%. £8 million has a maturity date of May 2018 and £398 million has a maturity date in November 2018.

10. Other receivables

	31 December 2017 £'000	31 December 2016 £'000
Accrued interest receivable	331	301

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

11. Cash and cash equivalents

	31 December 2017 £'000	31 December 2016 £'000
Cash at bank and in hand	596	465

Cash at bank and in hand represents current accounts balances held with BNP Paribas, the ultimate parent undertaking. The balances are repayable on demand.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Available-for-sale investments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Cost as at 1 January 2017	-	-	1,648	1,648
Additions	-	-	-	-
Disposals	-	-	-	-
FX Revaluation	-	-	(145)	(145)
Cost as at 31 December 2017	-	-	1,502	1,502
Impairment provision at 1 January 2017	-	-	(1,648)	(1,648)
Impairment (charge) / writeback	-	-	-	-
FX Revaluation	-	-	145	145
Impairment provision as at 31 December 2017	-	-	(1,502)	(1,502)
Fair value at 31 December 2017	-	-	-	-
Cost as at 1 January 2016	-	-	1,378	1,378
Additions	-	-	-	-
Disposals	-	-	-	-
FX Revaluation	-	-	270	270
Cost as at 31 December 2016	-	-	1,648	1,648
Impairment provision at 1 January 2016	-	-	(1,378)	(1,378)
Impairment (charge) / writeback	-	-	-	-
FX Revaluation	-	-	(270)	(270)
Impairment provision as at 31 December 2016	-	-	(1,648)	(1,648)
Fair value at 31 December 2016	-	-	-	-

Level 3 includes three investments, which are fully impaired as at 31 December 2017 (2016: fully impaired).

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Share capital

	31 December 2017 £'000	31 December 2016 £'000
Issued and fully paid		
1,227,000,000 (2016:1,227,000,000) Ordinary shares of £1 each	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.

14. Financial risk management

The activities of the Company expose it to a variety of financial risks: credit risk and market risk (interest rate risk and foreign exchange risk). The Company is not exposed to any significant liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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 loans and receivables, other receivables and cash and cash equivalents. These assets represent exposures to other Group undertakings. The Directors continue to monitor these exposures.

Maximum exposure to credit risk before collateral held or credit enhancements

	31 December 2017 £'000	31 December 2016 £'000
Loans and receivables	406,000	399,550
Other receivables	331	301
Cash and cash equivalents	596	465
	406,927	400,316

The above table represents a worst case scenario of credit risk exposure for the Company at 31 December 2017 and 2016. The exposures set out above are based on the carrying amounts as reported in the balance sheet. No collateral is held against these exposures. The Company has an available-for-sale investment which has been fully impaired.

b) 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 risk arises from open positions in interest rate and currency, 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 foreign exchange rates.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Financial risk management (continued)

b) Market risk (continued)

(i) Interest rate risk

The Company is exposed to cash flow interest rate risk from its floating rate deposit balances. It is the opinion of the Directors that the cash flow risk arising from its cash and deposit balances is insufficient to require hedging.

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 year;
- instruments that reprice within a period of six months are considered variable while those that reprice after six months are considered fixed; and
- a reasonably conservative rate change.

The sensitivity analysis shown below is representative of the risks inherent in the Company's financial instruments. The methods and assumptions used to prepare the sensitivity analysis are consistent for both reporting years.

If interest rates had been 100 basis points higher (2016: 100 basis points higher) and all other variables were held constant, the Company's:

- profit for the year ended 31 December 2017 would increase by £4 million (2016: increase by £4 million).
- 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 reduce profit or loss and equity by £4 million (2016: decrease by £4 million). The Company's sensitivity to interest rates has remained constant during the current year.

(ii) Foreign exchange risk

As at 31 December 2017 and 31 December 2016, the Company had no material exposure to foreign currencies, hence no sensitivity analysis has been provided.

(iii) Equity price risk

As the available-for-sale investment has been fully impaired, the Company is not exposed to any equity price risk.

BNP PARIBAS U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Related party transactions

Transactions undertaken with related parties during the year gave rise to the following income statement items:

Nature of income	Related party	2017 £'000	2016 £'000
Dividend income	Subsidiary undertakings	6,645	3,300
Interest income	Ultimate parent undertaking	1,862	1,594
Dividend paid	Ultimate parent undertaking	(1,587)	(24,000)

In respect of related party transactions, the outstanding balances receivable were as follows:

Nature of balance	Related party	31 December 2017 £'000	31 December 2016 £'000
Loans and receivables	Ultimate parent undertaking	406,000	399,550
Other receivables	Ultimate parent undertaking	331	301
Cash and cash equivalents	Ultimate parent undertaking	596	465

All related party transactions have been concluded at arm's length.

16. Capital management

The Company defines capital as total equity. As at 31 December 2017, the value was £1,239 million (2016: £1,233 million).

The Directors monitor capital levels and where appropriate pay dividends to, or request a capital injection from, the immediate parent undertaking.

17. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is BNP Paribas.

The ultimate parent undertaking and controlling party is BNP Paribas, a company incorporated in France. BNP Paribas is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017.

The consolidated financial statements of BNP Paribas are available from 16 boulevard des Italiens, 75009 Paris, France.