



**BNP PARIBAS**  
**HOME LOAN COVERED BONDS**

**BNP PARIBAS HOME LOAN COVERED BONDS**

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**FINANCIAL STATEMENTS**

**At 31 December 2008**

**BALANCE SHEET**

ASSETS		31/12/07	31/12/08	LIABILITIES AND SHAREHOLDERS' EQUITY		31/12/07	31/12/08
1	Cash and balances with central banks and post offices			1	Due to central banks and post offices		
2	Treasury bills and money-market instruments			2	Due to credit institutions		
3	Loans and advances to credit institutions	15,245,628,244.08	9,411,205,565.77	3	Due to customers		
4	Loan and advances to customers			4	Debt securities	14,976,921,878.60	9,152,489,753.78
5	Bonds and other fixed-income instruments			5	Other liabilities	3,827,073.00	2,016,869.00
6	Equities and other variable-income securities			6	Accrued expenses and deferred income	28,579,743.21	25,934,968.96
7	Investments in non-consolidated undertakings and equity securities held for long-term investment	4,125.20	4,000.00	7	Provisions for contingencies and charges		
8	Other participating interests			8	Subordinated debt	75,210,092.91	75,248,977.49
9	Finance leases and hire purchase contracts			9	Fund for general banking risks (FGBR)		
10	Operating leases			10	Equity other than FGBR	186,526,916.69	179,045,233.46
11	Intangible assets			11	.Share capital	175,000,000.00	175,000,000.00
12	Property, plant and equipment			12	.Additional paid-in capital		
13	Subscribed unpaid share capital			13	.Reserves	202,262.10	14,050.00
14	Treasury shares			14	.Revaluation reserve		
15	Other assets	8,000.00	4,000.00	15	.Special tax regulated reserves and investment grants		
16	Prepaid expenses and accrued income	25,425,335.13	23,522,236.92	16	.Retained earnings (+/-)	342,971.36	266,941.47
				17	.Net income for the year	10,981,683.23	3,764,241.99
	<b>TOTAL ASSETS</b>	<b>15,271,065,704.41</b>	<b>9,434,735,802.69</b>		<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15,271,065,704.41</b>	<b>9,434,735,802.69</b>

## INCOME STATEMENT

		Euros	
		31/12/2008	31/12/2007
1	+ Interest income	551,818,884.52	255,264,006.60
2	- Interest expense	(533,285,100.67)	(248,576,186.66)
3	+ Finance lease and similar income*		
4	- Finance lease and similar expenses*		
5	+ Operating lease income*		
6	+ Operating lease expense*		
7	+ Income from variable-income securities	125.20	
8	+ Commission income	1,050,000.00	1,050,000.00
9	- Commission expense	(891,209.13)	(828,846.20)
10	+/- Gains or losses on trading securities	(12.53)	
11	+/- Gains or losses on investment securities		
12	+ Other banking income		
13	- Other banking expenses		
14	<b>Net banking income</b>	<b>18,692,687.39</b>	<b>6,908,973.74</b>
15	- Operating expense	(1,726,565.16)	(987,364.75)
16	- Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		
17	<b>Gross operating income</b>	<b>16,966,122.23</b>	<b>5,921,608.99</b>
18	- Provisions for credit risks		
19	<b>Operating income</b>	<b>16,966,122.23</b>	<b>5,921,608.99</b>
20	+/- Gains or losses on disposals of long-term investments		
21	<b>Pre-tax income</b>	<b>16,966,122.23</b>	<b>5,921,608.99</b>
22	+/- Exceptional items		
23	- Corporate income tax	(5,984,439.00)	(2,157,367.00)
24	+/- Charge to/reversal of FGBR and special tax regulated reserves		
25	<b>Net income</b>	<b>10,981,683.23</b>	<b>3,764,241.99</b>

## Notes to the balance sheet and income statement

(Figures in thousands of euros)

### **I-1 - Significant accounting policies**

BNP Paribas Covered Bonds prepares its financial statements in accordance with French generally accepted accounting principles for credit institutions, using the historical cost convention.

Significant accounting policies are as follows:

#### **1. Other long-term investments**

##### **a) Definition**

This item comprises a membership certificate related to the French deposit protection scheme provided for in article L.312-4 of the French Monetary and Financial Code.

##### **b) Cost**

The membership certificate is recognised in an amount equal to the contribution to the deposit protection scheme.

##### **c) Revenue recognition**

Interest is recognised on an accrual basis calculated by reference to the average yield on 10-year government bonds.

#### **2. Receivables**

Receivables are recognised at amortised cost.

#### **3. Debt securities**

Debt securities issued are recognised at amortised cost. The issue premium is deferred over the term of the securities.

#### **4. Recognition of financial income and expense**

Interest income and commission income treated as interest income is recognised on an accrual basis. Fees received in consideration for services provided are recognised when earned.

**I-2 - General information**

As collateral for its covered bond issues, BNP Paribas S.A. has provided BNP Paribas Covered Bonds with a pool of mortgage loans totalling €1,771,874,959 (twenty-one billion seven hundred and seventy one million, eight hundred and seventy-four thousand nine hundred and fifty-nine euros) at 31 December 2008.

The pool has been used for outstanding issues in an amount of €16,397,000,000 (sixteen billion, three hundred and ninety-seven million euros).

## II – Notes to the balance sheet, statement of off-balance sheet items and income statement

### II. 1 – Notes to the balance sheet

#### Due from credit institutions

In thousands of euros

Nature	31/12/2008	31/12/2007
Demand accounts	17,797	7,585
Accrued interest receivable	323	253
Total demand accounts	18,120	7,839
Term accounts	14,936,869	9,250,000
Accrued interest receivable	290,639	153,367
Total term accounts	15,227,508	9,403,367

Demand accounts comprise the debit balance of the demand account with the Agence des Banques. Term accounts comprise loans granted to BNPP and term deposits.

#### Other assets

In thousands of euros

Nature	31/12/2008	31/12/2007
Option instruments purchased		
Settlement accounts related to securities transactions		
Other receivables	8	4
Other assets (net)		
Non-performing securities transactions (net)		
Other non-current financial assets		
Total	8	4

Guarantee deposit with the French deposit protection scheme paid in 2007 and 2008 (€1,000 in each year).

**Prepaid expenses and accrued income**

In thousands of euros

Nature	31/12/2008	31/12/2007
Collection accounts		
Adjustment accounts		
Variance accounts		
Potential losses on hedging instruments – not unwound		
Potential losses on hedging instruments - unwound		
Deferred charges		
Prepaid expenses	25,425	23,522
Accrued income		
Other		
<b>Total</b>	<b>25,425</b>	<b>23,522</b>

**Debt securities**

In thousands of euros

	31/12/2008	31/12/2007
Negotiable debt securities	14,686,869	9,000,000
Accrued interest payable	290,053	152,490
<b>Total</b>	<b>14,976,922</b>	<b>9,152,490</b>

**Maturity schedule at 31/12/2008**

	Total	Under 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Bonds and other fixed-income instruments (excluding accrued interest)	14,686,869		2,106,969	8,000,000	4,579,900

**Subordinated debt**

In thousands of euros

	31/12/2008	31/12/2007
Subordinated debt	75,000	75,000
Accrued interest payable	210	249
Total	75,210	75,249

**Maturity schedule at 31/12/2008**

	Currency	Nominal value	Under 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Subordinated debt (excluding accrued interest)	EUR	75,000				<b>75,000</b>

**Other liabilities**

In thousands of euros

Nature	31/12/2008	31/12/2007
Liabilities related to trading securities		
Option instruments sold		
Other settlement accounts related to securities transactions		
Other payables	3,827	2,017
Other		
Total	3,827	2,017

**Accrued expenses and deferred income**

In thousands of euros

Nature	31/12/2008	31/12/2007
Collection accounts		
Adjustment accounts		
Variance accounts		
Potential gains on hedging instruments – not unwound		
Potential gains on hedging instruments – unwound		
Deferred income	27,175	24,987
Accrued expenses	1,405	746
Other		202
Total	28,580	25,935



**Shareholders' equity**

In thousands of euros

Nature	31/12/2007	Increases	Decreases	31/12/2008
Share capital	175,000			175,000
Additional paid-in capital				
<i>Reserves:</i>				
- Statutory reserve	14	188 (1)		202
- contractual reserves				
- retained earnings				
- long-term capital gains reserve				
- other reserves				
Revaluation reserve				
Unappropriated retained earnings	267	76 (1)		343
Net income for the year	3,764	10,982	(3,764)	10,982
<b>Total</b>	<b>179,045</b>	<b>11,246</b>	<b>(3,764)</b>	<b>186,527</b>

(1) At the extraordinary general meeting of 14 May 2008, the shareholders approved a dividend of €3,500,000, the transfer of €188,000 to the legal reserve and the transfer of €76,000 to retained earnings.

**Components of share capital**

	Number				Par value
	Opening balance	Issued during the year	Redeemed during the year	Closing balance	
Ordinary shares	17,500,000			17,500,000	€10
Redeemed shares					
Preferred non-voting shares					
Preference shares					
Unlisted shares					
Investment certificates					

**Information on related companies**

(companies that may be fully consolidated in the same consolidated group)

In thousands of euros

	Amount
<b>ASSETS</b>	
Due from credit institutions	15,245,628
Loans and advances to customers	
Bonds and other fixed-income instruments	
Equities and other variable-income securities	
Investments in non-consolidated undertakings and equity securities held for long-term investment	
Other participating interests	
Other assets	
Prepaid expenses and accrued income	
<b>Liabilities and shareholders' equity</b>	
Due to credit institutions	
Due to customers	
Debt securities	
Subordinated debt	75,210
Other liabilities	
Accrued expenses and deferred income	27,175
<b>Banking expenses</b>	
Treasury and interbank transactions	
Customer transactions	
Bonds and other fixed-income instruments	3,953
Net expense on financial instrument transactions	
Other banking expenses	
<b>Banking income</b>	
Treasury and interbank transactions	542,514
Customer transactions	
Bonds and other fixed-income instruments	1,050
Dividends and similar income	
Net income on financial instrument transactions	
Other banking income	

## II.2 - Notes to the income statement

### Interest income and expense

Breakdown by transaction type	In thousands of euros	
	31/12/2008	31/12/2007
<b>Income</b>		
Credit institutions	542,514	255,264
Customers		
Bonds and other fixed-income instruments		
Total	542,514	255,264
<b>Expense</b>		
Credit institutions		
Customers		
Bonds and other fixed-income instruments	(520,274)	(241,616)
Subordinated debt recorded under line item 8 of liabilities and shareholders' equity	(3,773)	(2,946)
Total	(524,048)	(244,563)
<b>Significant expenses</b>	31/12/2008	31/12/2007

### Operating expense

Breakdown	In thousands of euros	
	31/12/2008	31/12/2007
Salary expense		
Social security charges on salaries		
Post-employment benefit expense		
Social security charges on post-employment benefits		
Employee incentive plan		
Employee profit-sharing		
Total salary and employee benefit expenses .....		
Other administrative costs	(1,727)	(987)
<b>Total</b>	<b>(1,727)</b>	<b>(987)</b>

### III - Other information

#### **Consolidation**

The company's financial statements are fully consolidated in the financial statements of:

<b>Name</b>	<b>Legal form</b>	<b>Share capital</b>	<b>Registered office</b>	<b>Registration number</b>
BNP Paribas S.A.	SA	€1,824,192,214	16, boulevard des Italiens	Paris 662042449

#### **Group tax relief**

The company has been included in the tax consolidation group since 1/01/2005. The parent company is BNP Paribas.

Under the group tax relief agreement, corporate tax expense is calculated by the subsidiary as if group tax relief did not apply. The amount calculated, less any tax credits, is due to the parent company, BNP Paribas SA.

**Five-year financial summary**

In thousands of euros

Item	31/12/2004	31/12/2005	31/12/2006	31/12/2007	31/12/2008
<b>Closing share capital</b>					
Share capital	40	40	35,000	175,000	175,000
Number of common shares issued and outstanding	4,000	4,000	3,500,000	17,500,000	17,500,000
Number of preferred non-voting shares issued and outstanding					
Number of shares to be issued: - on conversion of bonds - on exercise of subscription rights					
<b>Operations and results for the year</b>					
Revenue (excluding VAT)					
Income before tax, employee profit sharing, depreciation, amortisation and provisions	(5)	(4)	430	5,922	16,966
Income taxes			(141)	(2,157)	(5,984)
Employee profit-sharing					
Net income	(5)	(4)	289	3,764	10,982
Total dividends				3,500	
<b>Earnings per share (in euros)</b>					
Earnings after tax and employee profit-sharing, but before depreciation, amortisation and provisions	(1.13)	(0.92)	0.08	0.22	0.63
Earnings per share	(1.13)	(0.92)	0.08	0.22	0.63
Dividend per share				0.20	
<b>Employee data</b>					
Average number of employees during the year					
Total payroll					
Total benefits (social security, company benefit schemes)					

# BNP Paribas Covered Bonds

Financial statements at 31 December 2008

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BALANCE SHEET	1
INCOME STATEMENT	2
NOTES TO THE FINANCIAL STATEMENTS	
I - Significant events, significant accounting policies	3
II - Notes to the balance sheet, statement of off-balance sheet items and income statement	5
II. 1 - Notes to the balance sheet	5
Due from credit institutions	5
Other assets	5
Prepaid expenses and accrued income	6
Debt securities	6
Subordinated debt	7
Other liabilities	7
Accrued expenses and deferred income	7
Shareholders' equity	8
Components of share capital	8
Information on related companies	9
II.3 - Notes to the income statement	10
Interest income and expense	10
Other banking income and expense	10
Operating expense	10
III - Other information	11
Consolidation	11
Group tax relief	11
Five-year financial summary	12

**BNP PARIBAS HOME LOAN COVERED BONDS  
(formerly BNP PARIBAS COVERED BONDS)**

**STATUTORY AUDITORS' REPORT ON THE  
FINANCIAL STATEMENTS**

**(Year ended 31 December 2008)**

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**Mazars**

Exaltis  
61, rue Henri Regnault  
92400 Courbevoie

**STATUTORY AUDITORS' REPORT ON THE  
FINANCIAL STATEMENTS**

**(Year ended 31 December 2008)**

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**BNP PARIBAS HOME LOAN COVERED BONDS**

(formerly BNP PARIBAS COVERED BONDS)

1, boulevard Haussman  
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying financial statements of BNP PARIBAS HOME LOAN COVERED BONDS SA (formerly BNP PARIBAS COVERED BONDS SA),
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

**I - Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as at 31 December 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

## **II - Justification of our assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the assessments we made concerned the appropriateness of the accounting principles used as well as the reasonableness of the significant estimates made.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## **III- Specific verifications and information**

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
- the fair presentation of the information provided in the management report in respect of remuneration and benefits granted to certain company officers and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in function. We draw your attention to the reasons presented in the management report explaining that your company does not provide any information relating to remuneration and benefits granted by the controlling entity to corporate officers of your company who are not also corporate officers of the controlling entity.

Neuilly-sur-Seine and Courbevoie, 17 April 2009

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Patrice Morot

Hervé Hélias