



BNP PARIBAS
HOME LOAN COVERED BONDS

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN COVERED BONDS

As at 31 December 2010

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TABLE OF INCOME IN THE PAST FIVE FINANCIAL YEARS AS AT AU 31/12/2010, IN EUROS

INCOME STATEMENT FOR THE 2010 FINANCIAL YEAR

In euros as at 31 December	Notes	2010	2009
Interest receivable	<i>2.a</i>	715,481,450	705,757,814
Interest payable	<i>2.a</i>	(713,316,091)	(701,984,792)
Revenue from variable income securities			
Commissions (receivable)	<i>2.b</i>	1,050,000	1,050,000
Commissions (payable)	<i>2.b</i>	(909,609)	(1,167,506)
Gains or losses on trading book transactions		1,663	(104)
Gains or losses on marketable securities transactions			
Other banking operating income		12	
Other banking operating expenses			
NET BANKING INCOME		2,307,425	3,655,412
Staff-related expenses			
Other administrative expenses	<i>2.c</i>	(1,814,036)	(1,517,681)
Impairment and amortisation on tangible and intangible fixed assets			
GROSS OPERATING RESULTS		493,389	2,137,731
Risk-related costs			
OPERATING RESULTS		493,389	2,137,731
Income or loss on fixed assets			
Net regulatory reserves			
NET INCOME BEFORE TAXES		493,389	2,137,731
Non-operating income/expense			
Income tax	<i>2.d</i>	(195,208)	(775,723)
NET INCOME		298,181	1,362,008

BALANCE SHEET AS AT 31 DECEMBER 2010

In euros as at 31 December	Notes	2010	2009
ASSETS			
Cash, central banks, CCP			
Government bonds and similar securities			
Receivables from credit institutions	3.a	22,840,247,479	19,058,172,497
Customer transactions			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Investments and other long-term investment securities		4,000	4,000
Shares in subsidiaries			
Leasing and hire with option to purchase			
Intangible assets			
Tangible assets			
Own shares			
Other assets	3.b	648,095	5,440,004
Accruals	3.c	292,734,476	41,292,555
TOTAL ASSETS		23,133,634,050	19,104,909,055
LIABILITIES			
DEBTS			
Central banks and CCP			
Debts to credit institutions	3.a		
Customer transactions			
Issued debt securities	3.d	22,823,574,987	18,807,891,778
Other liabilities	3.b	26,055	20,502
Accruals	3.c	58,678,287	44,731,628
Provisions for contingencies and losses			
Subordinated debts	3.e	75,067,615	75,051,223
TOTAL DEBTS		22,957,346,945	18,927,695,131
SHAREHOLDERS EQUITY	4.b		
<i>Subscribed capital</i>		175,000,000	175,000,000
<i>Share premium</i>			
<i>Reserves</i>		819,447	751,346
<i>Retained earnings</i>		169,478	100,570
Net income for the year		298,181	1,362,008
TOTAL SHAREHOLDERS EQUITY		176,287,105	177,213,924
TOTAL LIABILITIES		23,133,634,050	19,104,909,055

1. SUMMARY OF THE ACCOUNTING PRINCIPLES APPLIED BY BNP PARIBAS HOME LOAN COVERED BONDS

The accounts of BNP Paribas Home Loan Covered Bonds have been calculated in compliance with the general accounting principles applicable to credit institutions in France.

The method used for the evaluation of the accounting items is the historical cost method.

The main methods used are the following:

Receivables from credit institutions and from customers

Receivables from credit institutions include all receivables generated by banking transactions that are owed by credit institutions, with the exception of those receivables that are realised in the form of a security. They also include securities that have been received as a pension, regardless of the instrument used for the transaction and the receivables that are part of repurchase agreements. They are broken down into demand receivables and term receivables.

Receivables from credit institutions and from customers are recorded in the balance sheet at their nominal value, plus any accrued interest that is not yet due.

Issued debt securities

Issued debt securities are accounted for at their depreciated cost.

Share premiums or redemption premiums on bond issues are amortised using the actuarial method based on the period of the borrowings.

Recording of revenue and expenses

All interest and related commissions are accounted for in the amounts at which they were incurred, in due proportion to the actual vesting period.

Commissions that are not related to interest and that correspond to the delivery of services are recorded on the date on which the service was provided.

All expenses and revenue in foreign currency will be recorded at their equivalent value on the date of the transaction.

Currency transactions

Claims and debts that are denominated in foreign currency will be evaluated during their conversion into cash at the end of the financial year.

The conversion of such transactions denominated in foreign currency at the year-end date will result in a gap that will be shown in the income statement.

Revenue and expenses that are denominated in foreign currency involving loans or borrowing will be recorded in revenue and expenses accounts that are opened in each of the relevant foreign currencies, and the conversions will be made on the monthly balance sheet dates.

Tax consolidation regime

BNP Paribas Home Loan Covered Bonds belongs to the France fiscal group, and that group has been headed by BNP Paribas since 01/01/2005.

In terms of corporation tax, in accordance with the terms of the tax consolidation agreement, tax is determined on the basis of the subsidiary, as it is when there is no tax consolidation.

The amount calculated in this way, minus any possible dividend tax credits, shall be payable to the parent company, BNP PARIBAS SA.

Consolidation

The accounts of BNP Paribas Home Loan Covered Bonds are fully consolidated into the consolidated accounts of BNP Paribas S.A.

General information

During the issue of the covered bonds, BNP Paribas provided a deposit of real estate loans in the amount of €32,700,364,868 (thirty-two billion seven hundred million three hundred sixty-four thousand eight hundred sixty-eight euros) as collateral for BNP Paribas Home Loan Covered Bonds as at 31/12/2010.

Of this deposit, €29,844,000,000 (twenty-nine billion eight hundred forty-four million euros) are used for existing issues.

2. NOTES ON THE INCOME STATEMENT FOR THE 2010 FINANCIAL YEAR

2.a – INTEREST MARGIN

BNP Paribas Covered Bonds shows the calculated redemption value of the financial instruments, valued at their depreciated cost, under the “Interest Receivable” and “Interest Payable” budget items.

In thousands of euros	2010		2009	
	Revenue	Expenses	Revenue	Expenses
Credit institutions	715,481	(265)	705,690	(146)
Demand accounts, loans and borrowing	715,481	(265)	705,690	(146)
Issued debt securities		(713,051)	68	(701,838)
Revenue and expenses from interest	715,481	(713,316)	705,758	(701,985)

2.b - COMMISSIONS

In thousands of euros	2010		2009	
	Revenue	Expenses	Revenue	Expenses
Banking and financial transactions	1,050	(910)	1,050	(1,168)
Securities trades	1,050	(910)	1,050	(1,168)
Revenue and expenses from commissions	1,050	(910)	1,050	(1,168)

2.c – GENERAL OPERATING EXPENSES

In thousands of euros	2010	2009
Other administrative costs	(1,814)	(1,518)
<i>Payment of intermediaries</i>	<i>(483)</i>	<i>(282)</i>
<i>Taxes</i>	<i>(1,331)</i>	<i>(1,236)</i>
Total general expenses	(1,814)	(1,518)

2.d – INCOME TAX

In thousands of euros	2010	2009
Taxes for the current financial period	(195)	(776)
Income tax	(195)	(776)

3. NOTES ON THE BALANCE SHEET AS AT 31 DECEMBER 2010

3.a – CLAIMS AND DEBTS TOWARDS CREDIT INSTITUTIONS

In thousands of euros	2010	2009
Loans and debts	22,840,247	19,058,172
Ordinary accounts receivable	5,492	130
Deposit accounts and loans	22,834,756	19,058,043
Loans and debts towards credit institutions	22,840,247	19,058,172
<i>Including related receivables</i>	<i>412,103</i>	<i>367,868</i>

3.b – OTHER ASSETS AND OTHER LIABILITIES

In thousands of euros	2010	2009
Miscellaneous debtors	648	5,440
Other assets	652	5,440
Miscellaneous creditors	26	21
Other liabilities	26	21

As at 31/12/2010, no trade account payable was showing on the books of BNP Paribas Home Loan Covered Bonds.

3.c – ACCRUALS

In thousands of euros	2010	2009
Other debtor accruals	292,734	41,293
<i>Deferred expenses</i>	292,734	41,293
Accruals – assets	292,734	41,293
Outstanding expenses	1,281	1,174
Other creditor accruals	57,397	43,557

<i>Deferred revenue</i>	57,397	43,557
Accruals – liabilities	58,678	44,732

3.d – ISSUED DEBT SECURITIES

In thousands of euros	2010	2009
Bonds	22,412,726	18,440,194
<i>Related debts</i>	410,849	367,698
Issued debt securities	22,823,575	18,807,892

3.e – SUBORDINATED DEBTS

In thousands of euros	2010	2009
Repayable subordinated debts	75,000	75,000
Related debts	68	51
Subordinated debts	75,068	75,051

4. ADDITIONAL INFORMATION

4.a – STATEMENT OF CHANGES IN CAPITAL, IN EUROS

	Number of Shares				Nominal Value
	at beginning of the financial year	created during the financial year	redeemed during the financial year	at end of the financial year	
Ordinary shares	17,500,000			17,500,000	10 euros
Amortised shares					
Preferred dividend shares without voting right					
Preferred shares					
Members' shares					
Investment certificates					

4.b - VARIATIONS IN SHAREHOLDERS' EQUITY

in thousands of euros	31/12/2009	Increases in positions	Reductions in positions	31/12/2010
Capital	175,000			175,000
- Legal reserve	751	68		819
- Retained earnings	101	69		169
- Net income for the year	1,362	298	(1,362)	298
Shareholders' equity	177,214	435	(1,362)	176,287

4.c - COMMITMENTS RELATED TO JOBS AND RESOURCES

In thousands of euros	Remaining Term				Total
	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	
JOBS					
<i>demand accounts receivable</i>	5,480	-	-	-	5,480
<i>term accounts receivable</i>	2,250,000	2,500,000	14,890,664	2,782,000	22,422,664
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RESOURCES					
issued debt securities	2,000,000	2,500,000	14,890,664	3,022,062	22,412,726
customer transactions	-	-	-	-	-
subordinated debts	-	-	-	75,000	75,000
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Table of Income in the five Past Financial Years

Type of Transaction	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010
Financial situation at the end of the financial year					
Share capital	35,000	175,000	175,000	175,000	175,000
Number of existing common shares	3,500,000	17,500,000	17,500,000	17,500,000	17,500,000
Number of convertible bonds	Nil	Nil	Nil	Nil	Nil
Overall profit and loss on actual transactions					
Net banking income	1,312	6,909	18,693	3,655	2,307
Income before taxes, depreciation and reserves	430	5,922	16,966	2,138	493
Tax on income	(141)	(2,157)	(5,984)	(776)	(195)
Income after taxes, depreciation and reserves	289	3,764	10,982	1,362	298
Amount of income distributed	Nil	3,500	10,675	1,225	
Profit from transactions reduced to a single share					
Income after taxes, but before depreciation and reserves	0,08	0,22	0,63	0,08	0,02
Income after taxes, depreciation and reserves	0,08	0,22	0,63	0,08	0,02
Dividend paid for each share	Nil	0,2	0,61	0,07	0
Staff					
Number of staff	Nil	Nil	Nil	Nil	Nil
Amount of payroll	Nil	Nil	Nil	Nil	Nil
Total amounts paid for benefits (social security, etc.)	Nil	Nil	Nil	Nil	Nil

BNP PARIBAS HOME LOAN COVERED BONDS

STATUTORY AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS

(Year ended 31 December 2010)

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 2010)

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and 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 consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated 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
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 2010, on:

- the audit of the accompanying financial statements of BNP PARIBAS HOME LOAN 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 involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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. 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 2010, and of the results of its operations for the year then ended in accordance with French accounting principles.

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 as part 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 accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits granted to certain company officers and any other commitments made in their favour. 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, 31 March 2011

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Patrice Morot

Guillaume Potel