

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 31 DECEMBER 2017

1. SUMMARY OF THE ACCOUNTING PRINCIPLES APPLIED BY BNP PARIBAS PUBLIC SECTOR SCF

The financial statements of the company have been prepared in accordance with accounting principles generally applicable in France to financial companies as appearing in ANC rule 2014-07 dated 26 November 2014.

The income statement dated 31 DECEMBER 2017 and the related notes to the Financial Statements provide comparative information for 31 DECEMBER 2016.

The method adopted for valuing items recorded in the accounting records is historical cost.

The main methods applied are as follows:

Loans and advances to banks and clients

Loans and advances to banks cover all receivables held under banking operations with banks. They are broken down between demand and term receivables.

Client receivables are made up mainly of export credits and loans to financial clients guaranteed by public sector bodies, to which one is to add receivables on the local authorities. These are broken down into commercial receivables, other credits and equipment credits.

Loans and advances to banks and clients are stated in the balance sheet at face value plus accrued interest not yet due.

Discounts/premiums arising from the difference between the face value and the purchase price are recognised on a straight-line basis over the remaining term of the receivables.

Short-term investment securities

Securities not recognised under any other existing category are recognised as short-term investment securities.

Bonds and the other fixed-income securities are stated at the lower of acquisition price (excluding accrued interest) or probable trading value. Trading value is generally determined by reference to stock-market value. Accrued interest is recognised in the income statement under the heading "Interest and similar income on bonds and other fixed-income securities".

Any difference between acquisition price and redemption price of fixed-income investment securities acquired on the secondary market is recognised through profit or loss over the remaining life of the securities. In the balance sheet, the carrying amount of the securities is therefore gradually adjusted to redemption value.

Debt securities

Debt securities are shown by type of underlier: these are mainly real estate-backed bonds.

Interest accrued on these securities is recorded in an associated liabilities account as the counter-entry to the income statement entry.

Premiums on shares or redemption of bond borrowings are amortised on an actuarial basis over the term of the borrowing.

Amounts due to banks

Amounts due to banks are presented by their initial term or type: demand or term liabilities for banks. Interest accrued on these liabilities is recorded on the balance sheet under associated liabilities.

Forward financial instruments

Commitments on forward financial instruments are contracted on various markets for the purpose of specific or overall hedging of assets and liabilities, or for trading purposes.

Their accounting treatment depends on the management strategy applied to such instruments.

Prepayments and accrued income from swap payoffs, together with interest and income receivable on swaps, are shown in the balance sheet in the adjustment accounts, by offsetting currencies.

➤ **Derivative financial instruments held for hedging purposes**

Income and expenses on forward derivative financial instruments used for hedging, attributed from the outset to one item or to a single homogeneous set of identified items, are recognised through profit or loss symmetrically to recognition of the income and expenses from the items hedged and under the same accounts heading.

Corporate income tax

As of 2014, BNP PARIBAS PUBLIC SECTOR SCF is applying a change of accounting method with respect to its deferred taxes.

Corporate income tax is an expense of the period to which the income or expenses relate, irrespective of the date it is actually paid. When the period during which the income and the charges contribute to the accounting net income does not coincide with the one during which the income is taxed and the charges are deducted, BNP PARIBAS PUBLIC SECTOR SCF posts a deferred tax determined in accordance with the variable carryover method, taking, as its base, all of the timing differences between the book values and the taxation values of the balance sheet elements and the tax rates applicable in the future once they have been voted. The deferred tax credits are the object of an accounting entry taking account of the likelihood of their recovery.

The change is an exceptional one and is justified by the improvement in financial information insofar as it makes it possible to avoid the volatility resulting from the taxation treatment inherent to the company's activity.

Recognition of income and charges

Interest and related commissions are recognised as they arise, on a pro rata basis. Commissions similar in nature to interest comprise mainly certain ones received when they are incorporated into remuneration on loans.

Commissions not similar in nature to interest and corresponding to the provision of services are recognised as of the date on which the services are provided.

Foreign currency transactions

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are valued at the spot exchange rate as of the balance sheet date.

The conversion of these transactions denominated in foreign currencies as of the balance sheet date gives rise to a difference recognised through profit or loss, except for financial instruments recorded as off-balance sheet items, for which the difference is held in an adjustment account.

Income and charges denominated in foreign currencies and relating to loans, borrowings or off-balance sheet items are recorded in the income and charges accounts opened in each of the foreign currencies concerned, with the translation being made at the monthly closeout dates.

The net monthly income in foreign currencies is partially hedged, to the extent of the net monthly income calculated in accordance with IFRS. The unhedged portion gives rise to a foreign exchange gain or loss through profit or loss.

Income and charges in foreign currencies are stated at the converted value as of the date of the transaction.

Information concerning transactions between affiliated parties

In the light of the company's business and of its capital link (subsidiary 99.99% held by BNP Paribas SA), the obligations under ANC No. 2014-07 concerning presentation of the information about affiliated parties are inapplicable.

Tax consolidation rules

BNP PARISBAS Public Sector SCF is consolidated by the "Groupe Fiscal France", the group head of which is BNP Paribas.

With respect to corporation tax, pursuant to the terms of the tax consolidation agreement, the tax is determined by the subsidiary as if there were no tax consolidation.

The amount calculated in this way, after deduction of the tax credits, if any, is due to the parent company, BNP PARIBAS SA.

Consolidation

The company's accounts are included on the basis of the full consolidation method in the consolidated accounts of BNP PARIBAS SA.

BALANCE SHEET AT 31 December 2017

In euros	Notes	31/12/2017	31/12/2016
Interest and similar income	2.a	13 117 497	15 658 903
Interest and similar expenses	2.a	(8 014 524)	(9 411 474)
Revenues from variable-income securities			
Commissions (income)	2.b	1 200 000	1 200 000
Commissions (expenses)	2.b	(746 320)	(944 635)
Gains or losses on foreign exchange and arbitrage transactions		686 642	(195 594)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(2 563)	(972)
NET BANKING INCOME		6 240 732	6 306 229
Labour costs		-	-
Other administrative expenses	2.c	(538 606)	(1 090 004)
Various bank operating charges	2.c	(418 941)	-
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	-
Decrease in the depreciation of securities portfolio and various operations			48 080
GROSS OPERATING PROFIT		5 283 185	5 264 304
Cost of risk			
OPERATING PROFIT		5 283 185	5 264 304
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		5 283 185	5 264 304
Net exceptional income/expense (1)			
Corporate income tax	2.d	(1 902 164)	(1 914 275)
NET PROFIT		3 381 021	3 350 029

BALANCE SHEET at 31 December 2017

In euros	Notes	31/12/2017	31/12/2016
ASSETS			
Cash, Central Banks, PO accounts	3.a	1 485	886
Treasury bills and similar securities			
Loans and advances to banks	3.b	211 468 436	271 893 853
Transactions with clients	3.c	1 410 629 671	2 145 125 185
Bad debts	3.c	12 540 953	18 874 655
Bonds and other fixed-income securities	3.d	296 608 224	299 809 824
Equities and other variable-income securities			
Equity investments and other long-term securities		-	-
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.e	7 916 383	505 588
Adjustment accounts	3.f	40 075 409	42 808 362
TOTAL ASSETS		1 979 240 561	2 779 018 353
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	734 218 397	1 290 077 562
Transactions with clients	3.b		
Debt securities	3.g	1 031 746 575	1 031 762 295
Other liabilities	3.e		30 147
Adjustment accounts	3.f	118 577 475	363 571 930
Provisions for contingencies and charges			
Subordinated debt	3.h	65 161 411	65 160 976
TOTAL DEBTS		1 949 703 858	2 750 602 910
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares	4.a		
Reserves		2 097 657	1 930 156
Retained earnings		18 025	(904 742)
Profit for the period		3 381 021	3 350 029
TOTAL SHAREHOLDERS' EQUITY		29 536 703	28 415 443
TOTAL LIABILITIES		1 979 240 561	2 779 018 353
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	291 810	217 879
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	1 253 724 013	1 926 169 343
Commitments on securities			

2. NOTES ON THE INCOME STATEMENT AT 31 DECEMBER 2017

2.a INTEREST MARGIN

Under the headings "Interest and similar income" and "Interest and similar expenses" BNP Paribas Public Sector SCF shows the calculated income on financial instruments carried at amortised cost.

Income and expenses on hedging derivatives are shown with the income from the items for which they help to hedge the risks.

In euros	31/12/2017		31/12/2016	
	Income	Expenses	Income	Expenses
Banks	1 695 355	(518 143)	763 152	(140 398)
Demand accounts, loans and borrowings	1 695 355	(518 143)	763 152	(140 398)
Clients	8 957 993	-	12 312 017	-
Demand accounts, loans and term accounts	8 957 993		12 312 017	
Bonds and other fixed-income securities	2 464 149	(3 201 361)	2 583 734	(3 197 764)
Short-term investment securities	2 464 149	(3 201 361)	2 583 734	(3 197 764)
Debt securities	-	(4 295 020)	-	(6 073 311)
Real estate-backed bonds		(3 357 720)		(5 073 110)
Term subordinated debt		(937 300)		(1 000 202)
Interest income and expenses	13 117 497	(8 014 524)	15 658 903	(9 411 474)

2.b COMMISSIONS

In euros	31/12/2017		31/12/2016	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 200 000	(746 320)	1 200 000	(944 635)
Securities trading <i>including investment commissions</i>	1 200 000	(746 320) (324 822)	1 200 000	(944 635) (523 988)
Commission income and expenses	1 200 000	(746 320)	1 200 000	(944 635)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2017	31/12/2016
Other administrative expenses	(538 606)	(1 090 004)
Remuneration of intermediaries	(421 392)	(478 740)
Taxes and duties	(117 214)	(168 798)
<i>(S)ingle (R)esolution (F)und</i>		(442 467)
Operating expenses	(538 606)	(1 090 004)
<i>(S)ingle (R)esolution (F)und (1)</i>	(418 941)	
Various bank operating charges	(418 941)	-

(1) Reclassification of the contribution to the (S)ingle (R)esolution (F)und under various bank operating charges

2.d CORPORATE INCOME TAX

In euros	31/12/2017	31/12/2016
Current tax for the period	(8 692 058)	(5 112 626)
Deferred tax	6 789 894	3 198 351
Corporate income tax	(1 902 164)	(1 914 275)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2017

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2017	31/12/2016
Central Banks and PO accounts	1 485	886
Central Banks	1 485	886
Central Banks	1 485	886

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2017	31/12/2016
Loans and receivables	211 468 436	271 893 853
Ordinary debit accounts	96 906 434	172 125 973
Term accounts and loans	114 562 002	99 767 880
Loans and amounts due from banks	211 468 436	271 893 853
<i>Of which associated receivables</i>	<i>1 034 894</i>	<i>162 184</i>

In euros	31/12/2017	31/12/2016
Debts and borrowings	734 218 397	1 290 077 562
Credit balances on ordinary accounts		
Term borrowings (1)	734 217 230	1 290 077 562
Interest on collateral cash paid in connection with FRU	1 167	
Amounts due to banks	734 218 397	1 290 077 562
<i>Of which associated liabilities (1)</i>	<i>28</i>	

(1) Interest rates on collateral being negative, the interest was attached to assets on 31 December 2017

3.c TRANSACTIONS WITH CLIENTS

In euros	31/12/2017	31/12/2016
Loans and receivables	1 423 170 624	2 163 999 840
Other client lending	1 410 629 671	2 145 125 185
Bad debts	12 540 953	18 874 655
Transactions with clients – Assets	1 423 170 624	2 163 999 840
<i>including associated receivables</i>	<i>5 911 513</i>	<i>10 149 422</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2017	31/12/2016
Bonds and other fixed-income securities		
Gross value	293 867 899	297 069 260
Reserve		
Associated charges	2 740 325	2 740 564
Bonds and other fixed-income securities	296 608 224	299 809 824

3.e OTHER ASSETS AND LIABILITIES

In euros	31/12/2017	31/12/2016
Sundry other assets	7 916 383	505 588
<i>including down payment on company tax</i>	(3 517 069)	(4 062 388)
<i>including deferred tax assets</i>	11 059 359	4 269 464
<i>including (S)ingle (R)esolution (F)und</i>	291 810	217 879
<i>including claims on the state</i>	82 283	80 633
Other assets	7 916 383	505 588
Sundry other liabilities		30 147
<i>including deferred tax liabilities</i>	-	-
<i>including profits taxes</i>		
<i>Other taxes and levies</i>		30 147
Other liabilities	-	30 147

3.f ADJUSTMENT ACCOUNTS

In euros	31/12/2017	31/12/2016
Accrued income	33 256 042	33 339 121
Other debit adjustment accounts	6 819 367	9 469 241
<i>including Expenses attributable to more than one period</i>	2 408 244	3 526 865
<i>including Prepaid Charges</i>	4 411 124	5 942 376
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	40 075 409	42 808 362
Accrued expenses	15 320 897	21 701 397
Other credit adjustment accounts	40 619 017	92 716 570 (1)
<i>including prepaid income</i>	40 619 017	55 408 713
Revaluation of derivative and foreign exchange instruments	62 637 561	249 153 963 (1)
Adjustment accounts – liabilities	118 577 475	363 571 930

(1) including 37 307 857 euros corresponding to correction the nominal of a swap, the counterpart of which is a revaluation fo the derivative and foreign exchange instruments

3.g DEBT SECURITIES

In euros	31/12/2017	31/12/2016
Bond borrowings	1 000 000 000	1 000 000 000
<i>associated liabilities</i>	31 746 575	31 762 295
Debt securities	1 031 746 575	1 031 762 295

3.h SUBORDINATED DEBT

In euros	31/12/2017	31/12/2016
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	161 411	160 976
Subordinated debt	65 161 411	65 160 976

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	Number of shares				Nominal value
	at the beginning of the accounting period	at the beginning of the accounting period	redeemed during the accounting period	at the end of the accounting period	
Ordinary shares	2 404 000			2 404 000	10 euros
Redeemed shares					
Preferred shares without voting rights					
Preferred shares					
Partnership shares					
Investment certificates					

4.b CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2016	Increases in accounts	Decreases in accounts	31/12/2017
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	1 930 156	167 501		2 097 657
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	(904 742)	922 767		18 025
Profit for the period	3 350 029	3 381 021	(3 350 029)	3 381 021
Shareholders' equity	28 415 443	4 471 290	(3 350 029)	29 536 703

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

The total of derivative financial instrument notionals is only an indication of the volume of BNP PARIBAS PUBLIC SECTOR's activity on the financial instruments markets, and does not reflect the market risk attached to these instruments

In euros	31/12/2017	31/12/2016
Exchange rate derivatives	845 113 397	1 191 718 778
Interest-rate derivatives	2 711 707 025	2 873 666 330
OTC financial forward instruments	3 556 820 422	4 065 385 108
The net valuation of the swaps is:	27 699 026 €	9 283 955 €
The capital gain on swaps on the issues is:	-74 776 044 €	-128 664 690 €
The capital gain on swaps on the issues is:	102 475 070 €	137 948 646 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2017	31/12/2016
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	291 810	217 879
Guarantee commitments received	291 810	217 879

In euros	31/12/2017	31/12/2016
Clients		
BPIFRANCE ASSURANC- ex Coface	379 286 822	646 204 824
Euler Hermes KreditVersi	494 048 986	703 286 307
Export CT guarantee dept	254 740 079	361 278 495
Export import BK OF US	123 676 186	212 435 411
EKF DENMARK	1 971 940	2 964 307
Guarantee commitments received	1 253 724 013	1 926 169 343

4.e AGING OF APPLICATIONS AND SOURCES OF FUNDS

In thousands of euros	Transactions		Durée restant à courir			
	On demand	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
APPLICATIONS						
Central Bank	1 485					1 485
Loans and advances to banks	96 906	92 889	7 482	13 157	0	210 434
Demand receivables	96 906					96 906
Term receivables		92 889	7 482	13 157	0	113 528
Transactions with clients		79 495	323 257	949 247	65 260	1 417 259
Bonds and other fixed-income securities				246 436	47 432	293 868
SOURCES						
Amounts due to banks				734 217		734 217
Debt securities				1 000 000		1 000 000
Subordinated debt				65 000		65 000

Company earnings for the last five financial years

In euros	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
Financial position at the end of the year					
Share capital	24 040 000	24 040 000	24 040 000	36 040 000	24 040 000
Number of shares issued	2 404 000	2 404 000	2 404 000	3 604 000	2 404 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	7 649 749	5 581 464	4 382 684	6 306 228	6 240 732
Earnings before taxes, depreciation and amortisation	6 882 934	5 001 397	(15 272 112)	5 216 224	5 283 185
Corporate income tax	(1 593 727)	(1 539 165)	5 080 183	(1 914 275)	(1 902 164)
Earnings after taxes, depreciation and amortisation	5 393 446	3 345 564	(9 991 016)	3 350 029	3 381 021
Distributed earnings	5 120 520			2 259 760	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	2.20	1.44	(2.83)	1.37	1.41
Earnings after taxes, depreciation and amortisation	2.24	1.39	(2.77)	1.39	1.41
Dividend paid per share	2.13		-	0.94	-
Personnel					
Number of employees	None	None	None	None	None
Payroll costs	None	None	None	None	None
Total fringe benefits paid (social security, welfare initiatives, etc.)	None	None	None	None	None

BNP Paribas Home Loan SFH

Société anonyme

1, boulevard Haussmann
75009 Paris

Statutory auditors' report on the financial statements

For the year ended 31 December 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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

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

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

BNP Paribas Home Loan SFH

Société anonyme
1, boulevard Haussmann
75009 Paris

Statutory auditors' report on the financial statements

For the year ended 31 December 2017

To the annual general meeting of BNP Paribas Home Loan SFH,

Opinion

In compliance with the engagement entrusted to us by your *annual* general meeting, we have audited the accompanying financial statements of BNP Paribas Home Loan SFH for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the board of directors performing the functions assigned to the audit committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

BNP Paribas Home Loan SFH

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, [*Le cas échéant*: and in addition to the matter described in the "*Material Uncertainty Related to Going Concern*" section], we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were no Key Audit Matters to communicate in our report.

Verification of the Management Report and of the Other Documents Provided to the Shareholders

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

Information given in the management report of the Board of Directors and in the other documents provided to the Shareholder with respect to the financial position and the financial statements.

We do not have any matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholder with respect to the financial position and the financial statements.

Report on corporate governance

We confirm the existence, in the management report of the Board of Directors on corporate governance, of the information required by article L.225-37-4 of the French Commercial Code (code de commerce).

Concerning the information required by article L.225-37-3 on the wages and benefits paid to company officers as well as on commitments granted to them, we verified their consistency with accounting or with other data used to prepare the financial statements and, if needed, with data collected by your company from controlling or controlled entities. Based on this work, our comment on the

BNP Paribas Home Loan SFH

accuracy and fairness of these information are the following: as indicated in the report on corporate governance, these information do not include wages and benefits paid by BNP Paribas SA to company officers for their position as employees of BNP Paribas SA. if they do not also hold a company officer position within BNP Paribas SA.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of BNP Paribas Home Loan SFH by the annual general meeting held on 18 September 2006 for PricewaterhouseCoopers Audit and on 12 September 2012 for Deloitte & Associés.

As at 31 December 2017, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 12th year and 6th year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines 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, management is 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 it is expected to liquidate the Company or to cease operations.

The board of directors performing the functions assigned to the audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the board of directors performing the functions assigned to the audit committee

BNP Paribas Home Loan SFH

We submit a report to the the board of directors performing the functions assigned to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to he board of directors performing the functions assigned to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the board of directors performing the functions assigned to the audit committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the board of directors performing the functions assigned to the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, 28 march 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent TAVERNIER

Sylvie BOURGUIGNON