

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 31 DECEMBER 2015

INCOME STATEMENT AT 31/12/2015

In euros	Notes	31/12/2015	31/12/2014
Interest and similar income	2.a	1 215 055 249	2 541 102 895
Interest and similar expenses	2.a	(1 214 621 931)	(2 540 448 688)
Revenues from variable-income securities			-
Commissions (income)	2.b	1 350 000	1 250 000
Commissions (expenses)	2.b	(761 762)	(274 720)
Gains or losses on transactions on trading portfolios		(227)	(119)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations	2.c	1 113 646	-
Other expenses on banking operations		-	-
NET BANKING INCOME		2 134 976	1 629 368
Labour costs		-	-
Other administrative expenses	2.c	(1 985 134)	(821 140)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		149 842	808 228
Cost of risk		-	-
OPERATING PROFIT		149 842	808 228
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		149 842	808 228
Net exceptional income/expense			
Corporate income tax	2.d	(56 813)	(297 442)
NET PROFIT		93 029	510 786

BALANCE SHEET AT 31 DECEMBER 2015

In euros	Notes	31/12/2015	31/12/2014
ASSETS			
Cash, Central Banks, PO accounts		-	-
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	27 792 500 141	25 390 182 645
Transactions with clients		-	-
Bonds and other fixed-income securities		-	-
Equities and other variable-income securities		-	-
Equity investments and other long-term securities	3.c	4 000	4 000
Interests in group companies		-	-
Lease financing with purchase option		-	-
Intangible fixed assets		-	-
Tangible fixed assets		-	-
Treasury shares		-	-
Other assets	3.b	712 824	281 904
Adjustment accounts	3.d	270 222 411	576 445 881
TOTAL ASSETS		28 063 439 375	25 966 914 430
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	26	28
Amounts due to banks	3.a	1 789 805 586	1 620 026 730
Transactions with clients		-	-
Debt securities	3.e	25 878 606 437	23 653 645 984
Other liabilities	3.b	41 358	34 035
Adjustment accounts	3.d	68 659 884	366 400 631
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 040 082	40 044 049
TOTAL DEBTS		27 777 153 373	25 680 151 457
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed		285 000 000	285 000 000
Premium on shares		-	-
Reserves		1 014 899	989 360
Retained earnings		178 074	262 827
Profit for the period		93 029	510 786
TOTAL SHAREHOLDERS' EQUITY		286 286 001	286 762 973
TOTAL LIABILITIES		28 063 439 375	25 966 914 430
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		477 277	-
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments		-	-
Guarantee commitments		-	-
Commitments on securities		-	-

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

The financial statements of BNP Paribas Home Loan SFH have been prepared in accordance with general accounting principles applicable in France to banks, as appearing in ANC Rule No. 2014-07 dated 26 November 2014.

The income statement dated 31 December 2015 and the related notes to the Financial Statements provide comparative information for 31 December 2014.

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 loans and advances, including the subordinated type, made within the context of banking transactions to banks with the exception of those represented by certificates. They also include repo securities in any transaction medium and loans and advances relating to delivered repurchases. These are broken down into on-demand and term loans.

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

Debt Securities

Debt securities are recorded at amortized cost.

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

Derivative financial instruments held for hedging purposes

Following modification of the BNP Paribas rating and in accordance with the issue program documentation, on 13 January 2012 BNP Paribas Home Loan SFH installed rate risk hedging contracts with BNP Paribas SA within the framework of the "Hedging Strategy", after having obtained the approval of the rating agencies.

Within that framework,

- the derivative financial instruments designated as hedging instruments for the Company's assets and liabilities represent 185 674 972 € and they are classified in category b), micro-hedging, in application of CRBF rule 90-15.
- the derivative financial instrument for hedging the underlying assets in terms of collateral and its mirror swap, representing -32 535 800 558 €, have been classified in category a), isolated open positions, in application of CRBF rule 90-15 and constitute a uniform whole.

The swaps held are held only for hedging purposes

The income and charges relative to the forward derivative financial instruments used for hedging purposes, originally assigned to an identified element or to an identified uniform set of elements, are posted to earnings in a way symmetrical with the posting of the income and charges on the hedged elements and under the same accounting heading. The charges and income relative to the forward financial instruments having the purpose of hedging and managing a global interest rate risk are entered prorata temporis under earning.

Recognition of income and charges

Interest and related commissions are recognised as they arise, on a prorata basis.

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 or on a pro-rata basis for the duration of the service rendered when that service is continuous.

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

Foreign currency transactions

Receivables and liabilities 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.

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

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 of ANC No. 2014-07 concerning presentation of the information about affiliated parties are inapplicable.

Tax consolidation rules

BNP Paribas Home Loan SFH is consolidated by the “Groupe Fiscal France”, the group head of which is BNP Paribas since 01/01/2005.

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 accounts of BNP Paribas Home Loan SFH are included on the basis of the full consolidation method in the consolidated accounts of BNP Paribas SA.

General information

- Within the context of the issuance of covered bonds, BNP Paribas has collateralised, for BNP Paribas Home Loan SFH, a pool of real estate loans totalling 32 535 800 558 € (thirty-two billion five hundred thirty-five million eight hundred thousand five hundred fifty-eight euros) as of 31 December 2015.

This pool is used to an extent of 22 633 449 425 € (euros) in connection with the existing issues.

- Following modification of the BNP Paribas rating and in accordance with the issue program documentation, on 13 January 2012 BNP Paribas Home Loan SFH installed hedging contracts with BNP Paribas SA within the framework of the “Hedging Strategy”, after having obtained approval from the rating agencies.

2. NOTES ON THE INCOME STATEMENT AT 31 DECEMBER 2015

2.a INTEREST MARGIN

Under the headings "Interest and similar income" and "Interest and similar expenses" BNP Paribas Home Loan SFH shows the calculated income on financial instruments carried at amortised cost.

In euros	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Banks	1 215 055 249	(683 704 800)	2 541 102 895	(1 937 460 778)
Demand accounts, loans and borrowings	1 215 055 249	(683 704 800)	2 541 102 895	(1 937 460 778)
Debt securities		(530 917 131)		(602 987 910)
Bonds		(530 002 850)		(601 987 078)
Term subordinated debt		(914 281)		(1 000 832)
Interest income and expenses	1 215 055 249	(1 214 621 931)	2 541 102 895	(2 540 448 688)

Interest income and expenses on hedging derivatives are shown with the income from the items for which they contribute to hedging the risks

2.b COMMISSIONS

In euros	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 350 000	(761 762)	1 250 000	(274 720)
Securities trading	1 350 000	(761 762)	1 250 000	(274 720)
Commission income and expenses	1 350 000	(761 762)	1 250 000	(274 720)

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	31/12/2015	31/12/2014
Other administrative expenses	(1 985 134) [▼]	(821 140)
<i>Remuneration of intermediaries</i>	<i>(831 970)</i>	<i>(759 985)</i>
<i>Taxes and duties</i>	<i>(39 518)</i>	<i>(61 156)</i>
<i>(S) ingle (R) esolution (F) und (1)</i>	<i>(1 113 646)</i>	-
Total general operating expenses	(1 985 134)	(821 140)

In euros	31/12/2015	31/12/2014
Various operating income	1 113 646	
Other various operating income (1)	1 113 646	-

(1) Establishment by European Rule No. 806/2014 of the Single Resolution Fund
Initial call for funds on 12/2015 with re-invoicing to BNP PARIBAS pursuant to the modified Fee Letter dated 31/12/2015

2.d CORPORATE INCOME TAX

In euros	31/12/2015	31/12/2014
Current tax for the period	(56 813)	(297 442)
Corporate income tax	(56 813)	(297 442)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2015

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2015	31/12/2014
Loans and receivables	27 792 500 141	25 390 182 645
Ordinary debit accounts	11 662 856	9 703 013
Term accounts and loans	27 780 837 285	25 380 479 632
Loans and amounts due from banks	27 792 500 141	25 390 182 645
<i>including associated receivables</i>	<i>306 344 436</i>	<i>312 850 150</i>

In euros	31/12/2015	31/12/2014
Ordinary credit accounts	26	28
Debts and borrowings	1 789 805 586	1 620 026 730
Amounts due to banks	1 789 805 612	1 620 026 758
<i>including associated liabilities</i>	<i>(194 414)</i>	<i>26 730</i>

Corresponds the Cash Collateral account

3.b OTHER ASSETS AND LIABILITIES

In euros	31/12/2015	31/12/2014
Miscellaneous payables	712 824	281 904
Other assets	712 824	281 904
Miscellaneous creditors	41 358	34 035
Other liabilities	41 358	34 035

As at 31/12/2015, no trade payables appeared in the BNP Paribas Home Loan SFH accounts.

3.c SECURITIES TRANSACTIONS

Shares and other variable-income securities	-	-
In euros	31/12/2015	31/12/2014
	Net book value	Net book value
Holdings	-	-
<i>including provisions</i>		
Other securities held long term	4 000	4 000
<i>including provisions</i>		
Holdings and other securities held long term	4 000	4 000

3.d ADJUSTMENT ACCOUNTS

In euros	31/12/2015	31/12/2014
Accrued income	3 483 357	293 569 911
Other debit adjustment accounts	266 739 053	282 875 969
<i>Prepaid charges</i>	266 739 053	282 875 969
Adjustment accounts – assets	270 222 411	576 445 881
Accrued expenses	1 717 967	293 716 071
Other credit adjustment accounts	66 941 917	72 684 560
<i>prepaid income</i>	66 941 917	72 684 560
<i>Other adjustment accounts</i>	-	-
Adjustment accounts – liabilities	68 659 884	366 400 631

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 212 M€ in 2015 (218 M€ in 2014).

3.e DEBT SECURITIES

In euros	31/12/2015	31/12/2014
Bonds	25 599 554 842	23 362 691 513
<i>Associated liabilities</i>	279 051 595	290 954 471
Debt securities	25 878 606 437	23 653 645 984

3.f SUBORDINATED DEBT

In euros	31/12/2015	31/12/2014
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	40 082	44 049
Subordinated debt	40 040 082	40 044 049

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	Number of shares				Nominal value
	at the beginning of the accounting period	created during the accounting period	redeemed during the accounting period	at the end of the accounting period	
Ordinary shares	28 500 000			28 500 000	10 euros
Redeemed shares					
Preferred shares without voting rights					
Preferred shares					
Partnership shares					
Investment certificates					

4.b CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2014	Increases in accounts	Decreases in accounts	31/12/2015
Equity	285 000 000	-	-	285 000 000
- Legal reserve	989 360	25 539		1 014 899
Retained earnings	262 827	(84 753)		178 074
Profit for the period	510 786	93 029	(510 786)	93 029
Shareholders' equity	286 762 973	33 815	(510 786)	286 286 002

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	31/12/2015	31/12/2014
Exchange rate derivatives	371 349 944	3 260 479 595
Interest-rate derivatives	-	86 371 101 518
OTC financial forward instruments	371 349 944	89 631 581 112

The net valuation of the swaps as of 31/12/2015 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 31/12/2015 is : 21 068 651

4.d AGING OF APPLICATIONS AND SOURCES OF FUNDS

In euros	Remaining term				Total
	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	
APPLICATIONS					
<i>Demand receivables</i>	11 592 189	0	0	0	11 592 189
<i>Term receivables</i>	2 266 924 774	1 300 000 000	11 214 568 075	12 693 000 000	27 474 492 849
SOURCES					
Amounts due to banks	1 790 000 026	-	-	-	1 790 000 026
Debt securities	151 924 773	1 300 000 000	11 214 568 074	12 933 061 995	25 599 554 842
Transactions with clients	-	-	-	-	-
Subordinated debt	-	-	-	40 000 000	40 000 000

Table of earnings for the last five financial years

Indicator	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Financial position at the end of the year					
Share capital	225 000 000	285 000 000	285 000 000	285 000 000	285 000 000
Number of existing ordinary shares	22 500 000	28 500 000	28 500 000	28 500 000	28 500 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	2 716 052	2 098 909	2 441 122	1 629 368	2 134 976
Earnings before taxes, depreciation and amortisation	1 505 255	1 110 841	1 585 288	808 228	149 842
Corporate income tax	(130 052)	(384 259)	(586 991)	(297 442)	(56 813)
Earnings after taxes, depreciation and amortisation	1 375 203	726 582	998 297	510 786	93 029
Distributed earnings	-	1 995 000	1 140 000	570 000	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0.06	0.03	0.04	0.02	0.00
Earnings after taxes, depreciation and amortisation	0.06	0.03	0.04	0.02	0.00
Dividend paid per share	0	0.07	0.04	0.02	0
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

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 modified or not. This information is presented below the opinion on the 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 financial statements taken as a whole and not to provide separate assurance on individual account captions or information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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 SFH

Statutory Auditors' report on the financial statements

For the year ended 31 December 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying financial statements of BNP Paribas Home Loan SFH
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. 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 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 assets and liabilities and of the financial position of the Company at 31 December 2015 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, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report regarding:

- 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 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 corporate 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, 25 March 2016

French original signed by

The Statutory Auditors

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