

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 30 June 2018

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CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT 30/06/2018

In euros	Notes	30/06/2018	30/06/2017
Interest and similar income	2.a	233 119 488	236 689 905
Interest and similar expenses	2.a	(232 713 314)	(236 303 786)
Revenues from variable-income securities			-
Commissions (income)	2.b	625 000	625 000
Commissions (expenses)	2.b	(200 543)	(226 992)
Gains or losses on transactions on trading portfolios		-	(1)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations - Single Resolution Fund	2.c	1 298 498	1 013 122
Other expenses on banking operations		-	-
NET BANKING INCOME		2 129 129	1 797 248
Labour costs		-	-
Other administrative expenses	2.c	(440 373)	(1 426 564)
<i>Various Bank Operating Charges</i>		<i>(1 298 498)</i>	
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		390 258	370 684
Cost of risk		-	
OPERATING PROFIT		390 258	370 684
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		390 258	370 684
Net exceptional income/expense			
Corporate income tax	2.d	(103 073)	(115 896)
NET PROFIT		287 185	254 788

BALANCE SHEET AT 30 JUNE 2018

In euros	Notes	30/06/2018	30/12/2017
ASSETS			
Cash, Central Banks, PO accounts		1 062	153 *
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	28 724 332 723	28 734 034 644
Transactions with clients		-	-
Bonds and other fixed-income securities		-	-
Equities and other variable-income securities		-	-
Equity investments and other long-term securities	3.c	-	-
Interests in group companies		-	-
Lease financing with purchase option		-	-
Intangible fixed assets		-	-
Tangible fixed assets		-	-
Treasury shares		-	-
Other assets	3.b	1 128 174	836 167
Adjustment accounts	3.d	234 967 145	241 208 351
TOTAL ASSETS		28 960 429 104	28 976 079 315
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	-
Amounts due to banks	3.a	310 004 242	310 003 326
Transactions with clients		-	-
Debt securities	3.e	28 276 551 938	28 285 729 671
Other liabilities	3.b	22 795	246 303
Adjustment accounts	3.d	47 320 121	52 715 200
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 034 293	40 036 286
TOTAL DEBTS		28 673 933 389	28 688 730 785
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed		285 000 000	285 000 000
Premium on shares		-	-
Reserves		1 072 677	1 036 216
Retained earnings		135 853	583 104
Profit for the period		287 185	729 210
TOTAL SHAREHOLDERS' EQUITY		286 495 715	287 348 530
TOTAL LIABILITIES		28 960 429 104	28 976 079 315
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		1 060 552	831 405
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments	4	-	-
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 30 June 2018 and the related notes to the Financial Statements provide comparative information for 30 June 2017.

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 contracts for hedging the rate risks with BNP Paribas SA within the framework of the "Hedging Strategy", after having obtained approval from the rating agencies.

Within that framework,

- the derivative financial instruments designated as hedging instruments for the Company's assets and liabilities represent 120,144,173 € and they are classified in category b), micro-hedging, in application of ANC rule No. 2014-07.
- the derivative financial instrument for hedging the underlying assets in terms of collateral and its mirror swap, representing -34,769 618 821 €, has been classified in category a), isolated open positions, in application of ANC rule No. 2014-07 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, determined 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 prorata 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 headed by 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 34,848,282,246 € as of 30 June 2018.

This pool has been used to an extent of 32,884,742,670 € (euros) in connection with the existing issues.

- Following changes in the BNP Paribas rating and pursuant to the documentation of the issue program, 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 the rating agencies' approval.

2. NOTES ON THE INCOME STATEMENT AT 30 JUNE 2018

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	30/06/2018		31/12/2017	
	Income	Expenses	Income	Expenses
Banks	233 119 488	(3 105 589)	236 689 905	(4 725 366)
Demand accounts, loans and borrowings	233 183 608	(3 105 589)	236 689 905	(4 725 366)
Debt securities		(229 607 725)		(231 578 420)
Bonds		(229 219 044)		(231 191 169)
Term subordinated debt		(388 681)		(387 251)
Interest income and expenses	233 183 608	(232 713 314)	236 689 905	(236 303 786)

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	30/06/2018		31/12/2017	
	Income	Expenses	Income	Expenses
Banking and financial transactions	625 000	(200 543)	625 000	(226 992)
Securities trading	625 000	(200 543)	625 000	(226 992)
Commission income and expenses	625 000	(200 543)	625 000	(226 992)

2.C OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	30/06/2018	31/12/2017
Other administrative expenses	(440 373)	(1 426 564)
<i>Remuneration of intermediaries</i>	<i>(410 684)</i>	<i>(388 287)</i>
<i>Taxes and duties</i>	<i>(29 689)</i>	<i>(25 155)</i>
		<i>(1 013 122)</i>
Total general operating expenses	(440 373)	(1 426 564)
<i>Guarantee fund and (S)ingle (R)esolution (F)und</i>	<i>(1 298 498)</i>	
Total Various Bank Operating Charges	(1 298 498)	

(1) Reallocation of the contribution to the (S)ingle (R)esolution (F)und to miscellaneous bank operating charges

In euros	30/06/2018	31/12/2017
Various operating income	1 298 498	1 013 122
Other various operating income (1)	1 298 498	1 013 122

European Rule No. 806/2014 of the Single Resolution Fund.

2017 call for fund in an amount 1 013 122 euros with re-invoicing to BNP PARIBAS pursuant to the 2018 Fee Letter

2.D CORPORATE INCOME TAX

In euros	30/06/2018	31/12/2017
Current tax for the period	(103 073)	(115 896)
Corporate income tax	(103 073)	(115 896)

3. NOTES ON THE BALANCE SHEET AT 30/06/2018

3.A AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2018	30/12/2017
Loans and receivables	28 724 332 723	28 734 034 644
Ordinary debit accounts	10 467 859	14 049 501
Term accounts and loans	28 713 864 864	28 719 985 142
Loans and amounts due from banks	28 724 332 723	28 734 034 644
<i>including associated receivables</i>	<i>281 173 989</i>	<i>285 355 124</i>

In euros	30/06/2018	31/12/2017
Ordinary credit accounts	0	0
Debts and borrowings	310 004 242	310 003 326
Amounts due to banks	310 004 242	310 003 326
<i>Including associated liabilities (1)</i>	<i>0</i>	<i>0</i>

(1) Interest rates on collateral being negative, the interest was attached to assets in 2018 as in 2017.

3.B OTHER ASSETS AND LIABILITIES

In euros	30/06/2018	30/12/2017
Miscellaneous payables	1 128 174	836 167
<i>Including (S)ingle (R)esolution (F)und</i>	<i>1 060 552</i>	<i>831 405</i>
Other assets	1 128 174	836 167
Miscellaneous creditors	22 795	246 303
Other liabilities	22 795	246 303

As at 30/06/2018, no trade payables appeared in the BNP Paribas Home Loan SFH accounts

3 C ADJUSTMENT ACCOUNTS

In euros	30/06/2018	30/12/2017
Accrued income	4 233 361	2 006 679
Other debit adjustment accounts	230 733 784	239 201 671
<i>Prepaid charges</i>	230 733 784	239 201 671
Adjustment accounts – assets	234 967 145	241 208 351
Accrued expenses	2 736 313	1 324 099
Other credit adjustment accounts	44 519 687	51 391 101
<i>prepaid income</i>	44 519 687	51 391 101
<i>Other adjustment accounts</i>	(0)	
Adjustment accounts – liabilities	47 256 000	52 715 200

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 197,5 M€ in 2018 (200,6 M€ in 2017).

3.D DEBT SECURITIES

In euros	30/06/2018	30/12/2017
Bonds	28 037 752 868	28 039 692 013
Associated liabilities	238 799 069	246 037 658
Debt securities	28 276 551 938	28 285 729 671

3.E SUBORDINATED DEBT

In euros	30/06/2018	30/12/2017
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	34 293	36 286
Subordinated debt	40 034 293	40 036 286

4. NOTES ON THE BALANCE SHEET AT 30/06/2018

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	31/12/2017	Increases in accounts	Decreases in accounts	30/06/2018
Equity	285 000 000	-	-	285 000 000
- Legal reserve	1 036 216	36 460		1 072 677
Retained earnings	583 104	(447 251)		135 853
Profit for the period	729 210	287 185	(729 210)	287 185
Shareholders' equity	287 348 530	(123 605)	(729 210)	286 495 715

4.C NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	30/06/2018	30/12/2017
Exchange rate derivatives	240 288 346	240 288 346
Interest-rate derivatives	-	-
OTC financial forward instruments	240 288 346	240 288 346

The net valuation of the swaps as of 30/06/2018 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 30/06/2018 is: 18 350 350

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>	10 468 921	0	0	0	10 468 921
<i>Term receivables</i>	635 000 000	4 700 000 000	12 979 690 875	10 118 000 000	28 432 690 875
<hr/>					
SOURCES					
Amounts due to banks	310 000 000	-			310 000 000
Debt securities	0	4 700 000 000	12 979 690 874	10 358 061 995	28 037 752 868
Transactions with clients					-
Subordinated debt	-	-	15 000 000	25 000 000	40 000 000

Table of earnings for the last five financial years

Indicator	31/12/2014	31/12/2015	31/12/2016	31/12/2017	30/06/2018
Financial position at the end of the year					
Share capital	285 000 000	285 000 000	285 000 000	285 000 000	285 000 000
Number of existing ordinary shares	28 500 000	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	1 629 368	2 134 976	2 335 795	2 703 795	2 129 129
Earnings before taxes, depreciation and amortisation	808 228	149 842	499 583	1 097 269	390 258
Corporate income tax	(297 442)	(56 813)	(166 265)	(368 059)	(103 073)
Earnings after taxes, depreciation and amortisation	510 786	93 029	333 318	729 210	287 185
Distributed earnings	570 000	-	-	1 140 000	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0,02	0,00	0,01	0,03	0,01
Earnings after taxes, depreciation and amortisation	0,02	0,00	0,01	0,03	0,01
Dividend paid per share	0,02	0	0	0,04	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

BNP PARIBAS HOME LOAN SFH

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**STATUTORY AUDITORS' REVIEW REPORT ON THE 2018
INTERIM FINANCIAL INFORMATION**

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This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2018 INTERIM FINANCIAL INFORMATION

BNP PARIBAS HOME LOAN SFH
1 Boulevard Haussmann
75009 Paris

In compliance with the assignment entrusted to us by your General Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying interim financial statements of 2018, for the six months ended 30, June 2018;
- the verification of the information contained in the half-year management report.

These interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Company at 30 June 2018, and of the results of its operations for the six months then ended in accordance with French accounting principles.

II - Specific verification

We have also verified the information given in the half-year management report on the interim financial statements subject to our review.

BNP PARIBAS HOME LOAN SFH

STATUTORY AUDITORS' REVIEW REPORT ON THE 2018 INTERIM FINANCIAL INFORMATION

We have no matters to report as to its fair presentation and consistency with the interim financial statements.

Neuilly-sur-Seine, 14 September 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

DELOITTE ET ASSOCIES

Ridha Ben Chamek

Laurence Dubois