

BNP PARIBAS HOME LOAN SFH

French joint-stock company (*société anonyme*)

1 boulevard Haussmann, 75009 Paris

Statutory Auditors' review report on the half-year financial information

For the six months ended 30 June 2022

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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.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General 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 half-year financial statements of BNP Paribas Home Loan SFH for the six months ended 30 June 2022;
- the verification of the information contained in the half-year management report.

Due to the global crisis related to the Covid-19 pandemic, the half-year financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on companies' internal organisation and the performance of our work.

These half-year 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.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year 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 half-year 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 2022, and of the results of its operations for the six-month period then ended, in accordance with French accounting principles.

Specific verification

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

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

Neuilly-sur-Seine and Paris-La Défense, 30 September 2022

The Statutory Auditors

PricewaterhouseCoopers Audit Deloitte & Associés

Ridha Ben Chamek

Laurence Dubois

CONTENTS

CORPORATE FINANCIAL STATEMENTS

	Income statement at 30 June 2022	5
	Balance sheet at 30 June 2022	6
1	SUMMARY of the Accounting principles APPLIED BY BNP PARIBAS SFH	7
2	NOTES ON THE INCOME STATEMENT at 30 June 2022	
2.a	Interest margin	10
2.b	Commissions	10
2.c	Operating general expenses & various operating income	11
2.d	Corporate Income Tax	12
3	Notes on the balance sheet at 30 June 2022	13
3.a	Amounts due to and from banks	13
3.b	Other assets and liabilities	13
3.c	Adjustment accounts	14
3.d	Debt securities	14
3.e	Subordinated debt	14
4	Additional information	15
4.a	Post-balance sheet events	15
4.b	Changes in share capital in euros	15
4.c	Changes in shareholders' equity	15
4.d	Notional on financial instruments	16
4.e	Aging of applications and sources of funds	16
4.f	Statutory auditor's fees	16

INCOME STATEMENT AT 30/06/2022

In euros	Notes	30/06/2022	30/06/2021
Interest and similar income	2.a	116 411 939	150 678 909
Interest and similar expenses	2.a	(116 026 589)	(150 153 115)
Revenues from variable-income securities			
Commissions (income)	2.b	625 000	625 000
Commissions (expenses)	2.b	(211 813)	(307 916)
Gains or losses on transactions on trading portfolios	2.b	(0)	0
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations - Single Resolution Fund	2.c	1 597 859	1 718 161
Other expenses on banking operations		-	-
NET BANKING INCOME		2 396 396	2 561 040
Labour costs		-	-
Other administrative expenses	2.c	(356 792)	(467 839)
<i>Including (S)ingle (R)esolution (F)und (1)</i>			
Various Bank Operating Charges	2.c	(1 597 859)	(1 718 161)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		441 745	375 039
Cost of risk		-	-
OPERATING PROFIT		441 745	375 039
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		441 745	375 039
Net exceptional income/expense			
Corporate income tax	2.d	(106 628)	(88 223)
NET PROFIT		335 117	286 816

BALANCE SHEET AT 30/06/2022

In euros	Notes	30/06/2022	31/12/2021
ASSETS			
Cash, Central Banks, PO accounts		1 317	2 410 *
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	34 583 078 661	33 964 605 060
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	2 181 663	2 003 111
Adjustment accounts	3.c	95 541 564	101 330 730
TOTAL ASSETS		34 680 803 206	34 067 941 311
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	-
Amounts due to banks	3.a	179 954 224	1 290 000 000
Transactions with clients		-	-
Debt securities	3.d	34 064 076 617	32 334 467 915
Other liabilities	3.b	881 066	40 533
Adjustment accounts	3.c	109 276 895,21	116 302 387
Provisions for contingencies and charges		-	-
Subordinated debt	3.e	40 036 338	40 032 527
TOTAL DEBTS		34 394 225 140	33 780 843 362
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.c	285 000 000	285 000 000
Premium on shares		-	-
Reserves		1 216 898	1 180 280
Retained earnings		26 051	185 311
Profit for the period		335 117	732 358
TOTAL SHAREHOLDERS' EQUITY		286 578 066	287 097 949
TOTAL LIABILITIES		34 680 803 206	34 067 941 311
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		2 166 563	1 884 588
Commitments on securities		50 000 000	-
COMMITMENTS RECEIVED			
Finance commitments		-	-
Guarantee commitments		-	-
Commitments on securities		-	-

* Banque de France Bank Account

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

The COVID-19 outbreak, recognized as a pandemic by the World Health Organization on 11 March 2020, and the various measures implemented by governments and regulatory bodies to curb its spread have affected supply chains and the demand for goods and services, and are therefore having a significant impact on global growth. Concurrently, fiscal and monetary policies have been eased to bolster the economy.

The financial statements of BNP Paribas Home Loan SFH have been prepared on a going-concern basis. The impacts of this epidemic, mitigated by countercyclical measures such as government support measures and economic stimulus plans from which our clients benefit, mainly concern the provisioning policies and valuation of assets. Those impacts have been estimated against a backdrop of uncertainty regarding the extent of the consequences of this epidemic on local and global economies.

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 Regulation No. 2014-07 dated 26 November 2014.

The income statement dated 30 June 2022 and the related notes to the Financial Statements provide comparative information for 30 June 2021.

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, the costs related to their issuance amortized on a straight-line basis over the same duration

Recognition of income and charges

Interest and related commissions are recognised as they arise, on a pro rata 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 housing bonds, BNP Paribas has collateralised, for BNP Paribas Home Loan SFH, a pool of real estate loans totalling €39,482,637,113 as at 30 June 2022.

This pool is used to an extent of €38,131,818,182 in connection with the existing issues.

The company has its registered office in France and, in accordance with the provisions of Article L. 513-29 of the French Monetary and Financial Code does not have any branch or subsidiary established abroad, including in non-cooperative countries.

Post-balance sheet events

There are no post-balance sheet events.

2. NOTES TO THE INCOME STATEMENT AT 30/06/2022

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	30/06/2022		30/06/2021	
	Income	Expenses	Income	Expenses
Banks	109 053 337	(25 166 556)	145 451 159	(12 428 066)
Demand accounts, loans and borrowings	109 053 337	(25 166 556)	145 451 159	(12 428 066)
Debt securities	7 358 602	(90 860 033)	5 227 751	(137 725 049)
Bonds	7 358 602	(90 497 671)	5 227 751	(137 380 405)
Term subordinated debt		(362 362)		(344 643)
Interest income and expenses	116 411 939	(116 026 589)	150 678 909	(150 153 115)

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	30/06/2022		30/06/2021	
	Income	Expenses	Income	Expenses
Banking and financial transactions	625 000	(211 813)	625 000	(307 916)
Securities trading	625 000	(211 813)	625 000	(307 916)
Commission income and expenses	625 000	(211 813)	625 000	(307 916)

In euros	30/06/2022		30/06/2021	
	Income	Expenses	Income	Expenses
Gains or losses on trade portfolio transactions	-	(0)	0	-
Commission income and expenses	-	(0)	0	-

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	30/06/2022	30/06/2021
Other administrative expenses	(356 792)	(467 839)
<i>Remuneration of intermediaries</i>	<i>(351 015)</i>	<i>(462 205)</i>
<i>Taxes and duties</i>	<i>(5 777)</i>	<i>(5 634)</i>
<i>Guarantee fund and (S)ingle (R)esolution (F)und</i>		
Total general operating expenses	(356 792)	(467 839)
<i>Guarantee fund and (S)ingle (R)esolution (F)und (1)</i>	<i>(1 597 859)</i>	<i>(1 718 161)</i>
Total Various Bank Operating Charges	(1 597 859)	(1 718 161)

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

In euros	30/06/2022	30/06/2021
Various operating income	1 597 859	1 718 161
Other various operating income (1)	1 597 859	1 718 161

(1) European Regulation No. 806/2014 of the Single Resolution Fund.

2022 call for funds for €1,879,834 of which 85% was recognized as expenses and invoiced to BNP PARIBAS pursuant to the 2022 Fee Letter.

2.d CORPORATE INCOME TAX

In euros	30/06/2022	30/06/2021
Current tax for the period	(106 628)	(88 223)
Corporate income tax	(106 628)	(88 223)

3. NOTES TO THE BALANCE SHEET AT 30/06/2022

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2022	31/12/2021
Loans and receivables	34 583 079 978	33 964 607 470
Ordinary debit accounts	14 526 242	15 469 241
Term accounts and loans	34 568 553 736	33 949 138 229
Loans and amounts due from banks	34 583 079 978	33 964 607 470
<i>Including associated receivables</i>	<i>82 553 735</i>	<i>100 962 644</i>

In euros	30/06/2022	31/12/2021
Ordinary credit accounts	-	-
Debts and borrowings	179 954 224	1 290 000 000
Amounts due to banks	179 954 224	1 290 000 000
<i>Including associated liabilities (1)</i>	<i>- 45 776</i>	<i>-</i>

(1) Interest rates on collateral being negative, the interest was attached to Liabilities in 2022.

3.b OTHER ASSETS AND LIABILITIES

In euros	30/06/2022	31/12/2021
Miscellaneous payables	2 181 663	2 003 111
<i>Including (S)ingle (R)esolution (F)und</i>	<i>2 166 563</i>	<i>1 884 588</i>
Other assets	2 181 663	2 003 111
Miscellaneous creditors	881 066	40 533
Other liabilities	881 066	40 533

As at 30/06/2022, no trade payables appeared in the BNP Paribas Home Loan SFH.

3.c ADJUSTMENT ACCOUNTS

In euros	30/06/2022	31/12/2021
Accrued income	2 222 859	0
Other debit adjustment accounts	93 318 705	101 330 730
<i>Prepaid charges</i>	93 318 705	101 330 730
Adjustment accounts – assets	95 541 564	101 330 730
Accrued expenses	436 539	185 156
Other credit adjustment accounts	108 840 356	116 117 231
<i>prepaid income</i>	108 840 356	116 117 231
<i>Other adjustment accounts</i>	-	-
Adjustment accounts – liabilities	109 276 895	116 302 387

The adjustment accounts on the assets side include the zero-coupon bond redemption premiums still remaining to be amortized which are zero in June 2022.

3.d DEBT SECURITIES

In euros	30/06/2022	31/12/2021
Bonds	33 981 000 000	32 233 000 000
Associated liabilities	83 076 617	101 467 915
Debt securities	34 064 076 617	32 334 467 915

3.e SUBORDINATED DEBT

In euros	30/06/2022	31/12/2021
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	36 338	32 527
Subordinated debt	40 036 338	40 032 527

4. ADDITIONAL INFORMATION

4.a POST-BALANCE SHEET EVENTS

Geopolitical tensions continue following the Russian invasion of Ukraine after balance sheet date, compounded by the economic sanctions imposed on Russia by the international community. There has been a net negative impact on financial markets and international trade and the macroeconomic consequences, especially on the European and French economies, remain highly unpredictable.

BNP Paribas Home Loan SFH is closely monitoring developments, notably reactions in the international community with regard to the economic sanctions on Russia. BNP Paribas Home Loan SFH is assessing the consequences of the crisis for its clients. The company does not have any direct balance sheet or off-balance sheet exposure with Russian or Ukrainian counterparties. The crisis does not impact the financial statements for the period ended 30 June 2022.

4.b 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.c CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2021	Increases in accounts	Decreases in accounts	30/06/2022
Equity	285 000 000	-	-	285 000 000
Premium on shares				
Legal reserve	1 180 280	36 618		1 216 898
Retained earnings	185 311	(159 260)		26 051
Profit for the period	732 358	335 117	(732 358)	335 117
Shareholders' equity	287 097 949	212 475	(732 358)	286 578 066

4.d NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	30/06/2022	31/12/2021
Exchange rate derivatives	-	-
Interest-rate derivatives	-	-
OTC financial forward instruments	-	-

The net valuation of the swaps as of 30/06/2022 is zero.

4.e AGING OF APPLICATIONS AND SOURCES 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>	14 524 925	-	-	-	14 524 925
<i>term receivables</i>	1 555 000 000	2 000 000 000	12 481 000 000	18 450 000 001	34 486 000 001
SOURCES					
Amounts due to banks	179 998 683	-	-	-	179 998 683
Debt securities	-	2 000 000 000	12 481 000 000	19 500 000 000	33 981 000 000
Transactions with clients	-	-	-	-	-
Subordinated debt	25 000 000	-	-	15 000 000	40 000 000

4.f STATUTORY AUDITOR'S FEES

The total amount of audit fees associated with statutory audit of the financial statements for the period stand at 48,810 euros excluding VAT, in accordance with the duly approved and signed engagement letter. The amount rises to 58,572 euros including VAT.

Table of earnings for the last five financial years

Indicator	31/12/2018	31/12/2019	31/12/2020	31/12/2021	30/06/2022
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	3 248 254	2 987 989	3 417 820	3 622 344	2 396 396
Earnings before taxes, depreciation and amortisation	1 237 857	816 741	1 039 782	1 000 160	441 745
Corporate income tax	(381 591)	(243 818)	(316 909)	(267 802)	(106 628)
Earnings after taxes, depreciation and amortisation	856 266	572 923	722 873	732 358	335 117
Distributed earnings	855 000	570 000	570 000	855 000	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0,03	0,02	0,03	0,03	0,01
Earnings after taxes, depreciation and amortisation	0,03	0,02	0,03	0,03	0,01
Dividend paid per share	0,03	0,02	0,02	0,03	0,00
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