

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 30 June 2016

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CORPORATE FINANCIAL STATEMENTS

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TABLE OF EARNINGS FOR THE LAST FIVE FINANCIAL YEARS AS AT 30 JUNE 2016 IN EUROS

INCOME STATEMENT AT 30/06/2016

In euros	Notes	30/06/2016	30/06/2015
Interest and similar income	2.a	256 032 164	936 304 786
Interest and similar expenses	2.a	(255 805 076)	(936 145 098)
Revenues from variable-income securities			-
Commissions (income)	2.b	625 000	625 000
Commissions (expenses)	2.b	(264 209)	(307 304)
Gains or losses on transactions on trading portfolios		(1)	(19)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations	2.c	993 603	-
Other expenses on banking operations		-	-
NET BANKING INCOME		1 581 480	477 366
Labour costs		-	-
Other administrative expenses	2.c	(1 445 964)	(383 155)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		135 516	94 211
Cost of risk		-	-
OPERATING PROFIT		135 516	94 211
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE T.		135 516	94 211
Net exceptional income/expense			
Corporate income tax	2.d	(38 003)	(25 024)
NET PROFIT		97 513	69 187

BALANCE SHEET AT 30 JUNE 2016

In euros	Notes	30/06/2016	31/12/2015
ASSETS			
Cash, Central Banks, PO accounts		-	-
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	28 453 553 085	27 792 500 141
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	702 983	712 824
Adjustment accounts	3.d	264 843 686	270 222 411
TOTAL ASSETS		28 719 103 754	28 063 439 375
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	26
Amounts due to banks	3.a	1 850 000 000	1 789 805 586
Transactions with clients		-	-
Debt securities	3.e	26 475 012 787	25 878 606 437
Other liabilities	3.b	20 216	41 358
Adjustment accounts	3.d	67 651 911	68 659 884
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 035 324	40 040 082
TOTAL DEBTS		28 432 720 239	27 777 153 373
SHAREHOLDERS' EQUITY			
<i>Share capital subscribed</i>	4.b	285 000 000	285 000 000
<i>Premium on shares</i>		-	-
<i>Reserves</i>		1 019 551	1 014 899
<i>Retained earnings</i>		266 452	178 074
Profit for the period		97 513	93 029
TOTAL SHAREHOLDERS' EQUITY		286 383 516	286 286 002
TOTAL LIABILITIES		28 719 103 754	28 063 439 375
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		652 619	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 30 JUNE 2016 and the related notes to the Financial Statements provide comparative information for 30 JUNE 2015.

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 and exchange risks with BNP Paribas SA within the framework of the "Hedging Strategy". Since the updating of the legal documentation concerning the program in June 2015, BNP Paribas Home Loan SFH no longer has a contractual commitment to install the said swaps and it has kept only the swaps intended for hedging the issues in foreign currencies.

Within that framework,

- the derivative financial instruments designated as hedging instruments for the Company's assets and liabilities represent 120,144,173.01 € 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 -32,649,955,961 €, 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. 2104-07 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 totaling 32,649,955,961 € as of 30 June 2016.

This pool is used to an extent of 29,103,206,350 € (euros) in connection with the existing issues.

2. NOTES ON THE INCOME STATEMENT AT 30 JUNE 2016

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	30/06/2016		30/06/2015	
	Income	Expenses	Income	Expenses
Banks	256 032 164	(2 224 585)	936 304 786	(663 991 560)
Demand accounts, loans and borrowings	256 032 164	(2 224 585)	936 304 786	(663 991 560)
Debt securities		(253 580 491)		(272 153 537)
Bonds		(253 163 691)		(271 693 888)
Term subordinated debt		(416 800)		(459 650)
Interest income and expenses	256 032 164	(255 805 076)	936 304 786	(936 145 098)

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	30/06/2016		30/06/2015	
	Income	Expenses	Income	Expenses
Banking and financial transactions	625 000	(264 209)	625 000	(307 304)
Securities trading	625 000	(264 209)	625 000	(307 304)
Commission income and expenses	625 000	(264 209)	625 000	(307 304)

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	30/06/2016	30/06/2015
Other administrative expenses	(1 445 964)	(383 155)
<i>Remuneration of intermediaries</i>	<i>(431 042)</i>	<i>(390 048)</i>
<i>Taxes and duties</i>	<i>(21 319)</i>	<i>6 893</i>
<i>(S) ingole (R) esolution (F) und</i>	<i>(993 603)</i>	-
Total general operating expenses	(1 445 964)	(383 155)

In euros	30/06/2016	30/06/2015
Various operating income	993 603	-
Other various operating income (1)	993 603	-

(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	30/06/2016	30/06/2015
Current tax for the period	(38 003)	(25 024)
Corporate income tax	(38 003)	(25 024)

3. NOTES ON THE BALANCE SHEET AT 30/06/2016

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2016	31/12/2015
Loans and receivables	28 453 553 085	27 792 500 141
Ordinary debit accounts	13 276 726	11 662 856
Term accounts and loans	28 440 276 359	27 780 837 285
Loans and amounts due from banks	28 453 553 085	27 792 500 141
<i>including associated receivables</i>	<i>285 381 922</i>	<i>306 344 436</i>

In euros	30/06/2016	31/12/2015
Ordinary credit accounts	0	26
Debts and borrowings	1 850 000 000	1 789 805 586
Amounts due to banks	1 850 000 000	1 789 805 612
<i>including associated liabilities (1)</i>		<i>(194 414)</i>

(1) Interest rates on collateral being negative, the interest was apportioned to the assets in 2016, contrary to 2015, when it had been apportioned in the reverse direction to the liabilities

3.b OTHER ASSETS AND LIABILITIES

In euros	30/06/2016	31/12/2015
Miscellaneous payables	702 983	712 824
<i>Including (S)ingle (R)esolution (F)und</i>	652 619	477 277
Other assets	702 983	712 824
Miscellaneous creditors	20 216	41 358
Other liabilities	20 216	41 358

As at 30/06/2016, no trade payables appeared in the BNP Paribas Home Loan SFH accounts.

3c SECURITIES TRANSACTIONS

In euros	30/06/2016	31/12/2015
	Net book value	Net book value
Holdings <i>including provisions</i>	-	-
Other securities held long term <i>including provisions</i>	4 000	4 000
Holdings and other securities held long term	4 000	4 000

3.d ADJUSTMENT ACCOUNTS

In euros	30/06/2016	31/12/2015
Accrued income	4 082 294	3 483 357
Other debit adjustment accounts	260 761 393	266 739 053
<i>Prepaid charges</i>	260 761 393	266 739 053
Adjustment accounts – assets	264 843 686	270 222 411
Accrued expenses	2 959 015	1 717 967
Other credit adjustment accounts	64 692 897	66 941 917
<i>prepaid income</i>	64 692 897	66 941 917
<i>Other adjustment accounts</i>	0	
Adjustment accounts – liabilities	67 651 911	68 659 884

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 210 M€ in 2016 (212 M€ in 2015).

3.e DEBT SECURITIES

In euros	30/06/2016	31/12/2015
Bonds	26 219 956 431	25 599 554 842
<i>Associated liabilities</i>	255 056 356	279 051 595
Debt securities	26 475 012 787	25 878 606 437

3.f SUBORDINATED DEBT

In euros	30/06/2016	31/12/2015
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	35 324	40 082
Subordinated debt	40 035 324	40 040 082

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	31/12/2015	Increases in accounts	Decreases in accounts	30/06/2016
Equity	285 000 000	-	-	285 000 000
- Legal reserve	1 014 899	4 651		1 019 551
Retained earnings	178 074	88 378		266 452
Profit for the period	93 029	97 513	(93 029)	97 513
Shareholders' equity	286 286 002	190 542	(93 029)	286 383 516

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	30/06/2016	31/12/2015
Exchange rate derivatives	240 288 346	371 349 944
Interest-rate derivatives	-	
OTC financial forward instruments	240 288 346	371 349 944

The net valuation of the swaps as of 30/06/2016 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 30/06/2016 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>	13 276 726	0	0	0	13 276 726
<i>Term receivables</i>	2 175 000 000	1 650 000 000	11 311 894 437	13 018 000 000	28 154 894 437
<hr/>					
SOURCES					
Amounts due to banks	1 850 000 000	-			1 850 000 000
Debt securities	0	1 650 000 000	11 311 894 436	13 258 061 995	26 219 956 431
Transactions with clients					-
Subordinated debt	-	-	15 000 000	25 000 000	40 000 000

Table of earnings for the last five financial years

Indicator	31/12/2012	31/12/2013	31/12/2014	31/12/2015	30/06/2016
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	2 098 909	2 441 122	1 629 368	2 134 976	1 581 480
Earnings before taxes, depreciation and amortisation	1 110 841	1 585 288	808 228	149 842	135 516
Corporate income tax	(384 259)	(586 991)	(297 442)	(56 813)	(38 003)
Earnings after taxes, depreciation and amortisation	726 582	998 297	510 786	93 029	97 513
Distributed earnings	1 995 000	1 140 000	570 000		
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0.03	0.04	0.02	0.00	0.00
Earnings after taxes, depreciation and amortisation	0.03	0.04	0.02	0.00	0.00
Dividend paid per share	0.07	0.04	0.02	0	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

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**STATUTORY AUDITORS' REVIEW REPORT
ON THE 2016 INTERIM FINANCIAL INFORMATION**

To the Management,

In our capacity as Statutory Auditors of BNP Paribas Home Loan SFH and pursuant to your request, we have performed a review of the accompanying interim financial statements for the six months ended 30 June 2016.

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

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 2016, and of the results of its operations for the six months then ended in accordance with French accounting principles.

This report has been prepared for your attention in the above-described context and may not be used, distributed or cited for any other purposes. We accept no liability with regard to any third party to whom this report is distributed or into whose hands it may fall.

This report is governed by French law. The French courts have exclusive jurisdiction over any dispute, claim or disagreement that may arise from our letter of engagement, this report or any question relating thereto. Each party irrevocably waives its rights to oppose any action brought before the abovementioned courts, to claim that the action has been brought before a court that lacks jurisdiction, or that those courts do not have jurisdiction.

Neuilly-sur-Seine, 29 July, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent Tavernier

Sylvie Bourguignon