



BNP PARIBAS
HOME LOAN SFH

BNP PARIBAS HOME LOAN SFH

FINANCIAL INFORMATION

As of the 31 DECEMBER 2012

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2012 P/L ACCOUNT

In euros	Notes	2012	2011
Interest receivable and similar income	2.a	11 774 361 202	815 208 169
Interest payable and similar charges	2.a	(11 772 478 978)	(812 306 352)
Variable income from securities			0
Commissions received	2.b	1 250 000	1 050 000
Commissions paid	2.b	(1 029 197)	(1 225 820)
Gains or losses on transactions in the trading portfolios		(4 119)	(9 946)
Gains or losses on investment portfolios and related transactions		-	-
Other banking income	0		-
Other banking charges		-	-
NET BANKING INCOME		2 098 909	2 716 052
Personnel expenses		-	-
Other administrative expenses	2.c	(988 068)	(1 210 797)
Amortization and depreciation of tangible and intangible assets		-	-
GROSS OPERATING INCOME		1 110 841	1 505 255
Cost of risk		-	-
OPERATING INCOME		1 110 841	1 505 255
Gains or losses on capital assets			
Net tax-based provisions			
PROFIT BEFORE EXCEPTIONAL ITEMS		1 110 841	1 505 255
Exceptional items			
Corporate income tax	2.d	(384 259)	(130 052)
NET INCOME		726 582	1 375 203

BALANCE SHEET AT 31 DECEMBER 2012

In euros	Notes	2012	2011
ASSETS			
Cash and assets with central banks and post offices			
Government and other marketable securities		-	-
Loans and advances to credit institutions	3.a	31 825 487 562	27 130 937 218
Loans and advances to customers		-	-
Bonds and other fixed-income securities		-	-
Shares and other variable-income securities		-	-
Participations and other long-term securities		4 000	4 000
Shares in affiliated companies			
Lease financing with purchase option			
Intangible assets		-	-
Tangible assets		-	-
Own shares			
Other assets	3.b	20 000	114 935
Prepayments and accrued income	3.c	765 119 864	315 904 457
TOTAL ASSETS		32 590 631 426	27 446 960 610
LIABILITIES			
DEBTS			
Central banks and post offices			
Amounts owed to credit institutions	3.a	4 310 000 004	-
Amounts owed to customers		-	-
Debts represented by certificates	3.d	27 408 011 591	27 014 987 276
Other liabilities	3.b	193 448	32 370
Accruals and deferred income	3.c	543 996 943	89 111 575
Provisions for risks and charges		-	-
Subordinated debt	3.e	40 040 550	115 167 081
TOTAL LIABILITIES		32 302 242 536	27 219 298 302
SHAREHOLDERS' EQUITY			
	4.b		
<i>Subscribed capital</i>		285 000 000	225 000 000
<i>Issuance premium</i>			
<i>Reserves</i>		903 116	834 356
<i>Retained earnings</i>		1 759 192	452 750
Profit for the financial year		726 582	1 375 203
TOTAL SHAREHOLDERS' EQUITY		288 388 890	227 662 308
TOTAL LIABILITIES		32 590 631 426	27 446 960 610

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

The accounts of BNP Paribas Home Loan SFH have been drawn up in accordance with general accounting principles applicable in France to credit institutions.

The information in the profit and loss account as at 31 DECEMBER 2012, and in the applicable notes to the financial statements, is presented in comparative form to the position as at 31 December 2011.

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

The main methods used are as follows:

Loans and advances to credit institutions and to customers

Loans and advances to credit institutions cover all loans and advances made within the context of banking transactions to credit institutions with the exception of those represented by certificates. They also include repo securities through whichever transaction medium and loans and advances relating to repurchase agreements. These are broken down into on-demand and term loans.

Loans and advances to credit institutions and to customers are recorded in the balance sheet at their nominal value plus accrued interest not yet due.

Debt securities

Debts represented by a security are recorded at amortized cost.

Obligatory issuance or loan redemption premiums are amortized by the actuarial method over the term of the loan.

Hedging financial instruments

Subsequent to the improved rating of BNP Paribas and in compliance with the issuance programme documentation, BNP Paribas Home Loan SFH established, on the 13 January 2012, interest rate risk hedging agreements with BNP Paribas SA according to the "Hedging Strategy" framework, after having attained approval from the credit rating agencies.

According to this framework,

- the derivative financial instruments used to hedge company assets and liabilities amount to €19,498,187,390 and are classified as category b), micro-hedging with the application of regulation CRBF 90-15.
- The derivative financial instrument for hedging the collateral allocation and relative mirror swap, which represent €35,000,206,022 were classified as category a) isolated open positions with the application of regulation CRBF 90-15 and constitute a single entity.

Swaps are only held for hedging purposes.

The revenue and expenses relative to derivative financial instruments used for hedging, associated with a specific or group of identified elements, are correspondingly included within the financial statements, taken into consideration with the revenue generated and the expenses of hedging elements and as part of the same accounting item.

The revenue and expenses relative to future financial instruments, which serve to hedge and manage the overall interest rate risk, are listed on a prorata temporis basis.

Recognition of income and expenditure

Interest and related commissions are recorded at their accrued amount calculated on a pro rata basis.

Commissions not related to interest, and which correspond to services, are recorded as of the date of service provision.

Charges and income in foreign currency are recorded at their converted value as of the transaction date.

Foreign currency transactions

Loans and amounts owed, denominated in foreign currency, are converted to euros using the spot exchange rate in force at the balance sheet date.

The conversion of such transactions denominated in foreign currency produces an unrealised exchange gain or loss recorded in the profit and loss account.

Income and charges denominated in foreign currency relating to loans and advances are recorded in the income and charges account opened for each of the currencies in question, conversions being made as at monthly closing.

Information on related-party transactions

In consideration of the company and its share ownership (subsidiary owned 99.99% by BNP Paribas SA), the requirements of CRC 2010-04 governing the presentation of information of associated parties, are not applicable.

Tax group arrangements

BNP Paribas Home Loan SFH forms part of the France Tax Group of which BNP Paribas is the lead company ever since 01/01/2005.

For corporate income tax, in accordance with the terms of the tax group agreement, tax is calculated by the subsidiary, as if there were no tax group.

The amount thus calculated, after deducting any tax assets or tax credits, is due to the parent company, BNP PARIBAS SA.

Consolidation

The financial statements of BNP Paribas Home Loan SFH are consolidated using the full consolidation method into the consolidated financial statements of BNP PARIBAS SA.

General information

- Within the context of the issuance of covered bonds, BNP Paribas has collateralized for BNP Paribas Home Loan SFH a pool of real estate loans totalling €35,000,206,023 (thirty-five billion two hundred and six thousand and twenty-three euros) as at 31 December 2012.

This pool is being used to the amount of €27,790,705,813 (twenty-seven billion seven hundred and ninety million seven hundred and five thousand eight hundred and thirteen euros) for existing issuances.

- Subsequent to the improved rating of BNP Paribas and in compliance with the issuance programme documentation, BNP Paribas Home Loan SFH established, on the 13 January 2012, hedging agreements with BNP Paribas SA according to the "Hedging Strategy" framework, after having attained approval from the credit rating agencies.

2. NOTES TO THE 2012 PROFIT AND LOSS ACCOUNT

2.a INTEREST MARGINS

Under the headings "Interest receivable and similar income" and "Interest payable and similar charges", BNP Paribas Home Loan SFH presents remuneration established from financial instruments valued at amortized cost.

In thousands of euros	2012		2011	
	Income	Charges	Income	Charges
Credit institutions	11 774 361	(10 903 262)	815 208	(1 401)
On-demand accounts, advances and loans	11 774 361	(10 903 262)	815 208	(1 401)
Debts represented by certificates		(869 217)		(810 905)
Interest income and charges	11 774 361	(11 772 479)	815 208	(812 306)

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

2.b- COMMISSIONS

In thousands of euros	2012		2011	
	Products	Charges	Products	Charges
Banking and financial transactions	1 250	(1 029)	1 050	(1 226)
Securities trading	1 250	(1 029)	1 050	(1 226)
Commission income and charges	1 250	(1 029)	1 050	(1 226)

2.c - GENERAL OPERATING EXPENSES

In thousands of euros	2012	2011
Other administrative costs	(988)	(1 211)
<i>Remuneration of intermediaries</i>	<i>(826)</i>	<i>(1 035)</i>
<i>Taxes</i>	<i>(162)</i>	<i>(176)</i>
Total general operating expenses	(988)	(1 211)

2.d CORPORATE INCOME TAX

In thousands of euros	2012	2011
Current taxes for the period	(384)	(130)
Income tax expense	(384)	(130)

3.NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2012

3.a- LOANS AND ADVANCES TO CREDIT INSTITUTIONS

In thousands of euros	2012	2011
Loans and advances	31 825 488	27 130 937
Ordinary debit accounts	11 251	9 673
Term accounts and loans	31 814 237	27 121 265
Loans and advances to credit institutions	31 825 488	27 130 937
<i>of which receivables from related entities</i>	<i>468 887</i>	<i>457 436</i>

In euros	31/12/2012	31/12/2011
Loans and other financial liabilities	4 310 000 004	
Term loans	4 310 000 004	
Debts to credit institutions	4 310 000 004	
<i>corresponds to Cash Collateral</i>		

3.b OTHER ASSETS AND LIABILITIES

In thousands of euros	2012	2011
Miscellaneous payables	20	115
Other assets	20	115
Miscellaneous creditors	193	32
Other liabilities	193	32

As at 31/12/2012, no trade payables appear in the BNP Paribas Home Loan SFH accounts

3.c ACCRUALS

In thousands of euros	2012	2011
Accrued income	462 724	
Other accrued assets	302 396	315 904
<i>Prepaid expenses</i>	302 396	315 904
Total prepayments and accrued income	765 120	315 904
Accrued expenses	463 097	569
Other accruals and deferred income	80 900	88 543
<i>Deferred income</i>	80 900	88 543
Accruals and deferred income	543 997	89 112

Accrued income includes the zero-coupon bond redemption premiums to be spread for 229 M€ in 2012 (234 M€ in 2011)

3.d DEBTS REPRESENTED BY A CERTIFICATE

In thousands of euros	31/12/2012	31/12/2011
Bonds	26 950 412	26 557 886
amounts owed to related entities	457 599	457 102
Debts represented by a certificate	27 408 012	27 014 987

3.e SUBORDINATED DEBT

In thousands of euros	2012	2011
Callable subordinated debt	40 000	115 000
Amounts owed to related entities	41	167
Subordinated debt	40 041	115 167

4. ADDITIONAL INFORMATION

4.a CHANGES IN CAPITAL

	Number of shares				Nominal value
	at the beginning of the accounting period	created during the accounting period	redeemed during the accounting	at the end of the accounting period	
Ordinary shares	22 500 000	6 000 000		28 500 000	10 euros
Redeemed shares					
Preferred shares without voting rights					
Preferred shares					
Members' shares					
Investment certificates					

4.b CHANGES IN EQUITY

in thousands of euros	31/12/2011	Increases	Reductions	31/12/2012
Share capital	225 000	60 000		285 000
- Legal reserve	834	69		903
- Carry forwards	453	1 306		1 759
- Result for the period	1 375	727	(1 375)	727
Equity	227 662	62 102	(1 375)	288 389

4.c NOTIONAL FINANCIAL INSTRUMENTS

In euros	31/12/2012	31/12/2011
Instruments derived from exchange rate	3 626 171 084	
Intruments derived from interest rate	105 370 615 742	
Financial future instruments on over-the-counter markets	108 996 786 826	-

4 d - MATURITIES OF SOURCES AND USES OF CASH

In thousands of euros	Duration remainder				Total
	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
USES					
<i>on-demand loans</i>	11 250	-	-	-	11 250
<i>term loans</i>	4 635 000	2 750 000	11 461 107	12 499 243	31 345 350
SOURCES					
Debts to credit institutions	4 310 000				4 310 000
debts represented by certificates	0	2 750 000	11 461 107	12 739 305	26 950 412
Customer transactions					-
subordinated debt	-	-	-	40 000	40 000

Table of results from the previous 5 financial years

Indicator	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Financial situation at the end of the period					
Share capital	175 000	175 000	175 000	225 000	285 000
Number of existing ordinary shares	17 500 000	17 500 000	17 500 000	22 500 000	28 500 000
Number of convertible bonds	None	None	None	None	None
Overall results of effective operations					
Net banking income	18 693	3 655	2 307	2 716	2 099
Earnings before taxes, depreciation and provisions	16 966	2 138	493	1 505	1 111
Corporate income tax	(5 984)	(776)	(195)	(130)	(384)
Earnings after taxes, depreciation and provisions	10 982	1 362	298	1 375	727
Distributed earnings	10 675	1 225			
Operating income per share					
Earnings after tax but before depreciation and provisions	0.63	0.08	0.02	0.06	0.03
Earnings after tax, depreciation and provisions	0.63	0.08	0.02	0.06	0.03
Dividend per share	0.61	0.07	0	0	0
Personnel					
Number of employees	None	None	None	None	None
Wage bill	None	None	None	None	None
Social security, welfare payments	None	None	None	None	None

BNP PARIBAS HOME LOAN SFH

**STATUTORY AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS**

(Year ended 31 December 2012)

**STATUTORY AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS**

(Year ended 31 December 2012)

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 qualified 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 on 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
1, boulevard Haussmann
75009 Paris

- 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 2012, 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 annual 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 company's financial position and its assets and liabilities as at 31 December 2012, 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 company 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, 28 March 2013

French original signed by

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent Tavernier

Sylvie Bourguignon