

**FINANCIAL STATEMENTS OF**  

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**BNP PARIBAS HOME LOAN SFH**

**Dated 31 DECEMBER 2018**

## INCOME STATEMENT AT 31/12/2018

In euros	Notes	31/12/2018	31/12/2017
Interest and similar income	2.a	468 243 721	475 224 208
Interest and similar expenses	2.a	(467 447 410)	(474 491 448)
Revenues from variable-income securities			-
Commissions (income)	2.b	1 250 000	1 250 000
Commissions (expenses)	2.b	(96 848)	(292 413)
Gains or losses on transactions on trading portfolios (1)		294	(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		-	-
<b>NET BANKING INCOME</b>		<b>3 248 254</b>	<b>2 703 468</b>
Labour costs		-	-
Other administrative expenses	2.c	(711 899)	(593 077)
Various Bank Operating Charges		(1 298 498)	(1 013 122)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
<b>GROSS OPERATING PROFIT</b>		<b>1 237 857</b>	<b>1 097 269</b>
Cost of risk		-	-
<b>OPERATING PROFIT</b>		<b>1 237 857</b>	<b>1 097 269</b>
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE T.</b>		<b>1 237 857</b>	<b>1 097 269</b>
Net exceptional income/expense			
Corporate income tax	2.d	(381 591)	(368 059)
<b>NET PROFIT</b>		<b>856 266</b>	<b>729 210</b>
(1) Forex gains or loss			

## BALANCE SHEET AT 31 DECEMBER 2018

In euros	Notes	31/12/2018	31/12/2017
<b>ASSETS</b>			
Cash, Central Banks, PO accounts		1 972	153 *
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	29 725 149 099	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	1 060 552	836 167
Adjustment accounts	3.d	222 951 534	241 208 351
<b>TOTAL ASSETS</b>		<b>29 949 163 157</b>	<b>28 976 079 315</b>
<b>LIABILITIES</b>			
<b>DEBTS</b>			
Central Banks, PO accounts	3.a	-	-
Amounts due to banks	3.a	1 300 004 242	310 003 326
Transactions with clients		-	-
Debt securities	3.e	28 281 116 206	28 285 729 671
Other liabilities	3.b	73 626	246 303
Adjustment accounts	3.d	40 871 970	52 715 200
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 032 317	40 036 286
<b>TOTAL DEBTS</b>		<b>29 662 098 361</b>	<b>28 688 730 785</b>
<b>SHAREHOLDERS' EQUITY</b>			
	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		856 266	729 210
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>287 064 796</b>	<b>287 348 530</b>
<b>TOTAL LIABILITIES</b>		<b>29 949 163 157</b>	<b>28 976 079 315</b>
<b>OFF-BALANCE-SHEET ITEMS</b>			
<b>COMMITMENTS GIVEN</b>			
Finance commitments		-	-
Guarantee commitments		1 060 552	831 405
Commitments on securities		-	-
<b>COMMITMENTS RECEIVED</b>			
Finance commitments		-	-
Guarantee commitments		-	-
Commitments on securities		-	-

\* Banque de France Bank Account

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## **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 Regulation No. 2014-07 dated 26 November 2014.*

*The income statement dated 31 December 2018 and the related notes to the Financial Statements provide comparative information for 31 December 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 are classified in category b), micro-hedging, in application of ANC Regulation No. 2014-07..
- the derivative financial instrument for hedging the underlying assets in terms of collateral and its mirror swap, representing -33,751,006,146 € has been classified in category a), isolated open positions, in application of ANC Regulation 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, 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 housing bonds, BNP Paribas has collateralised, for BNP Paribas Home Loan SFH, a pool of real estate loans totalling 33,751,006,146 € as of 31 December 2018.

This pool is used to an extent of 31,574,632,464 € 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.

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.

## 2. NOTES ON THE INCOME STATEMENT AT 31/12/2018

### 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	31/12/2018		31/12/2017	
	Income	Expenses	Income	Expenses
<b>Banks</b>	<b>468 243 721</b>	<b>(7 215 863)</b>	<b>475 224 208</b>	<b>(7 855 374)</b>
Demand accounts, loans and borrowings	468 243 721	(7 215 863)	475 224 208	(7 855 374)
<b>Debt securities</b>		<b>(460 231 548)</b>		<b>(466 636 075)</b>
Bonds		(459 448 124)		(465 856 255)
Term subordinated debt		(783 423)		(779 820)
<b>Interest income and expenses</b>	<b>468 243 721</b>	<b>(467 447 410)</b>	<b>475 224 208</b>	<b>(474 491 448)</b>

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	31/12/2018		31/12/2017	
	Income	Expenses	Income	Expenses
<b>Banking and financial transactions</b>	<b>1 250 000</b>	<b>(96 848)</b>	<b>1 250 000</b>	<b>(292 413)</b>
Securities trading	1 250 000	(96 848)	1 250 000	(292 413)
<b>Commission income and expenses</b>	<b>1 250 000</b>	<b>(96 848)</b>	<b>1 250 000</b>	<b>(292 413)</b>

In euros	31/12/2018		31/12/2017	
	Income	Expenses	Income	Expenses
Gains or losses on trade portfolio transactions	294			(1)
<b>Gains or losses on trade portfolio transactions</b>	<b>294</b>	<b>-</b>	<b>-</b>	<b>(1)</b>

## 2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	31/12/2018	31/12/2017
<b>Other administrative expenses</b>	<b>(711 899)</b>	<b>(593 077)</b>
<i>Remuneration of intermediaries</i>	<i>(662 164)</i>	<i>(528 423)</i>
<i>Taxes and duties</i>	<i>(49 735)</i>	<i>(64 654)</i>
<b>Total general operating expenses</b>	<b>(711 899)</b>	<b>(593 077)</b>
<i>Guarantee fund and (S)ingle (R)esolution (F)und (1)</i>	<i>(1 298 498)</i>	<i>(1 013 122)</i>
<b>Total Various Bank Operating Charges</b>	<b>(1 298 498)</b>	<b>(1 013 122)</b>

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

In euros	31/12/2018	31/12/2017
<b>Various operating income</b>	<b>1 298 498</b>	<b>1 013 122</b>
Other various operating income (1)	1 298 498	1 013 122

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

2018 call for fund in an amount 1 298 498 euros with re-invoicing to BNP PARIBAS pursuant to the

## 2.d CORPORATE INCOME TAX

In euros	31/12/2018	31/12/2017
<b>Current tax for the period</b>	<b>(381 591)</b>	<b>(368 059)</b>
<b>Corporate income tax</b>	<b>(381 591)</b>	<b>(368 059)</b>

### 3. NOTES ON THE BALANCE SHEET AT 31/12/2018

#### 3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2018	31/12/2017
<b>Loans and receivables</b>	<b>29 725 149 099</b>	<b>28 734 034 644</b>
Ordinary debit accounts	13 547 994	14 049 501
Term accounts and loans	29 711 601 105	28 719 985 142
<b>Loans and amounts due from banks</b>	<b>29 725 149 099</b>	<b>28 734 034 644</b>
<i>Including associated receivables</i>	<i>285 418 536</i>	<i>285 355 124</i>

In euros	31/12/2018	31/12/2017
<b>Ordinary credit accounts</b>	<b>0</b>	<b>0</b>
<b>Debts and borrowings</b>	<b>1 300 004 242</b>	<b>310 003 326</b>
<b>Amounts due to banks</b>	<b>1 300 004 242</b>	<b>310 003 326</b>
<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 2019 as in 2018

#### 3.b OTHER ASSETS AND LIABILITIES

In euros	31/12/2018	31/12/2017
<b>Miscellaneous payables</b>	<b>1 060 552</b>	<b>836 167</b>
<i>Including (S)ingle (R)esolution (F)und</i>	<i>1 060 552</i>	<i>831 405</i>
<b>Other assets</b>	<b>1 060 552</b>	<b>836 167</b>
<b>Miscellaneous creditors</b>	<b>73 626</b>	<b>246 303</b>
<b>Other liabilities</b>	<b>73 626</b>	<b>246 303</b>

As at 31/12/2018, no trade payables appeared in the BNP Paribas Home Loan SFH accounts

### 3c ADJUSTMENT ACCOUNTS

In euros	31/12/2018	31/12/2017
Accrued income	793 620	2 006 679
Other debit adjustment accounts	222 157 914	239 201 671
<i>Prepaid charges</i>	222 157 914	239 201 671
<b>Adjustment accounts – assets</b>	<b>222 951 534</b>	<b>241 208 351</b>
Accrued expenses	1 011 000	1 324 099
Other credit adjustment accounts	39 860 970	51 391 101
<i>prepaid income</i>	39 860 970	51 391 101
<i>Other adjustment accounts</i>	-	-
<b>Adjustment accounts – liabilities</b>	<b>40 871 970</b>	<b>52 715 200</b>

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 194,4 M€ in 2018 (202,4 M€ in 2017).

### 3.d DEBT SECURITIES

In euros	31/12/2018	31/12/2017
Bonds	28 041 244 563	28 039 692 013
Associated liabilities	239 871 643	246 037 658
<b>Debt securities</b>	<b>28 281 116 206</b>	<b>28 285 729 671</b>

### 3.e SUBORDINATED DEBT

In euros	31/12/2018	31/12/2017
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	32 317	36 286
<b>Subordinated debt</b>	<b>40 032 317</b>	<b>40 036 286</b>

## 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	31/12/2017	Increases in accounts	Decreases in accounts	31/12/2018
<b>Equity</b>	<b>285 000 000</b>	-	-	<b>285 000 000</b>
Premium on shares				
- Legal reserve	1 036 216	36 460		1 072 677
Retained earnings	583 104	(447 251)		135 853
Profit for the period	729 210	856 266	(729 210)	856 266
<b>Shareholders' equity</b>	<b>287 348 530</b>	<b>445 475</b>	<b>(729 210)</b>	<b>287 064 796</b>

### 4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	31/12/2018	31/12/2017	
Exchange rate derivatives	240 288 346	240 288 346	933100
Interest-rate derivatives	-	-	943100
<b>OTC financial forward instruments</b>	<b>240 288 346</b>	<b>240 288 346</b>	

The net valuation of the swaps as of 31/12/2018 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 31/12/2018 is: 19 179 991

#### 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	
<b>APPLICATIONS</b>					
<i>Demand receivables</i>	13 549 966	0	0	0	<b>13 549 966</b>
<i>Term receivables</i>	2 625 000 000	3 600 000 000	13 183 182 569	10 018 000 000	<b>29 426 182 569</b>
<b>SOURCES</b>					
<b>Amounts due to banks</b>	1 300 000 000	-			<b>1 300 000 000</b>
<b>Debt securities</b>	1 000 000 000	3 600 000 000	13 183 182 568	10 258 061 995	<b>28 041 244 563</b>
<b>Transactions with clients</b>					-
<b>Subordinated debt</b>	-	-	15 000 000	25 000 000	<b>40 000 000</b>

Table of earnings for the last five financial years

Indicator	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
<b>Financial position at the end of the year</b>					
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
<b>Actual operating earnings</b>					
Net banking income	1 629 368	2 134 976	2 335 795	2 703 795	3 248 254
Earnings before taxes, depreciation and amortisation	808 228	149 842	499 583	1 097 269	1 237 857
Corporate income tax	(297 442)	(56 813)	(166 265)	(368 059)	(381 591)
Earnings after taxes, depreciation and amortisation	510 786	93 029	333 318	729 210	856 266
Distributed earnings	570 000	-	-	1 140 000	855 000*
<b>Earnings per share</b>					
Earnings after taxes, but before depreciation and amortisation	0,02	0,00	0,01	0,03	0,03
Earnings after taxes, depreciation and amortisation	0,02	0,00	0,01	0,03	0,03
Dividend paid per share	0,02	0	0	0,04	0,03
<b>Personnel</b>					
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

\* Subject to the General Shareholders' Meeting of 15 April 2019

*BNP PARIBAS HOME LOAN SFH*

Société anonyme

1, boulevard Haussmann  
75009 Paris

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**Statutory Auditors' report on the  
financial statements**

For the year ended **31 December 2018**

*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 readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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**

*Société anonyme*

*1, Boulevard Haussman  
75009 PARIS*

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## **Statutory Auditors' report on the financial statements**

For the year ended **31 December 2018**

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To the annual general meeting of *BNP PARIBAS HOME LOAN SFH*,

### **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of BNP PARIBAS HOME LOAN SFH for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the BNP PARIBAS HOME LOAN SFH, as at *31 December 2018* and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Board of Directors, performing the duties of the special committee referred to Article L. 823-19 of the French Commercial Code (*Code de commerce*).

### **Basis for Opinion**

#### ***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "*Responsibilities of the Statutory Auditors Relating to the Audit of the Financial Statements*" section of our report.

## **BNP PARIBAS HOME LOAN SFH**

### ***Independence***

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for statutory auditors.

### **Justification of Assessments - Key Audit Matters**

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

We determined that there were no Key Audit Matters to communicate in our report.

### **Specific Verifications**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

### **Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to payment terms referred to in Article D. 441-4 of the French Commercial Code, we have the following matter to report: as indicated in the management report, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of the information to be provided.

## ***BNP PARIBAS HOME LOAN SFH***

### **Report on corporate governance**

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we have the following comment to make on the accuracy and fairness of this information: as indicated in the report on corporate governance, this information does not include wages and benefits paid by BNP Paribas SA to the corporate officers in question for their duties as employees of BNP Paribas SA if they do not also hold a corporate officer position within BNP Paribas SA.

### ***Report on Other Legal and Regulatory Requirements***

#### ***Appointment of the Statutory Auditors***

We were appointed as Statutory Auditors of BNP PARIBAS HOME LOAN SFH by the annual general meeting held on 18 September 2006 for PricewaterhouseCoopers Audit and on 12 September 2012 for Deloitte & Associés.

As at 31 December 2018, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 13th year and 7th year of total uninterrupted engagement, which are the 2nd year since the Company became a public interest entity, as defined by European regulations.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

## ***BNP PARIBAS HOME LOAN SFH***

The Board of Directors, performing the duties of the special committee referred to Article L. 823-19 of the French Commercial Code, is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### **Statutory Auditors' Responsibilities for the Audit of the Financial Statements**

#### ***Objectives and audit approach***

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or the quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

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- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### ***Report to the Board of Directors***

We submit a report to the Board of Directors, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code, which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Board of Directors, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code, includes the risks of material misstatement that, in our professional judgment, were the most significant in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Board of Directors, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code, with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Board of Directors, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code.

**BNP PARIBAS HOME LOAN SFH**

Neuilly-sur-Seine and Paris - La Défense, 29 March 2019

The Statutory Auditors

***French original signed by***

PricewaterhouseCoopers Audit

Ridha BEN CHAMEK

Deloitte & Associés

Laurence DUBOIS