

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 30 June 2020

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CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT

30/06/2020

In euros	Notes	30/06/2020	30/06/2019
Interest and similar income	2.a	202 090 139	224 733 469
Interest and similar expenses	2.a	(201 738 892)	(224 307 278)
Revenues from variable-income securities			-
Commissions (income)	2.b	625 000	625 000
Commissions (expenses)	2.b	(218 478)	(131 568)
Gains or losses on transactions on trading portfolios		1	(0)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations - Single Resolution Fund	2.c	1 582 784	1 368 591
Other expenses on banking operations		-	-
NET BANKING INCOME		2 340 554	2 288 214
Labour costs		-	-
Other administrative expenses	2.c	(408 287)	(463 726)
Including (S)ingle (R)esolution (F)und 1)			
Various Bank Operating Charges		(1 582 784)	(1 368 591)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		349 483	455 897
Cost of risk		-	-
OPERATING PROFIT		349 483	455 897
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		349 483	455 897
Net exceptional income/expense			
Corporate income tax	2.d	(94 228)	(126 192)
NET PROFIT		255 255	329 705

BALANCE SHEET AT

30/06/2020

In euros	Notes	30/06/2020	31/12/2019
ASSETS			
Cash, Central Banks, PO accounts		699	1 790
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	31 989 674 673	29 504 315 414
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	1 605 432	1 444 451
Adjustment accounts	3.d	202 727 346	205 915 091
TOTAL ASSETS		32 194 008 151	29 711 676 745
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	-
Amounts due to banks	3.a	890 007 733	2 300 005 208
Transactions with clients		-	-
Debt securities	3.e	30 943 814 118	27 052 942 734
Other liabilities	3.b	12 955	25 940
Adjustment accounts	3.d	33 671 735	31 887 167
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 033 636	40 032 978
TOTAL DEBTS		31 907 540 177	29 424 894 027
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed		285 000 000	285 000 000
Premium on shares		-	-
Reserves		1 144 136	1 115 490
Retained earnings		68 582	94 305
Profit for the period		255 255	572 923
TOTAL SHAREHOLDERS' EQUITY		286 467 974	286 782 719
TOTAL LIABILITIES		32 194 008 151	29 711 676 745
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		1 581 383	1 302 068
Commitments on securities		-	-
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 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 2020 and the related notes to the Financial Statements provide comparative information for 31 December 2019.

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

Background to the balance sheet date: the COVID-19 pandemic

Since it appeared in China in December 2019, a new strain of the coronavirus (COVID-19) has morphed into a pandemic and has spread to many countries around the world. The pandemic and the various government responses to it (border closures, travel restrictions, containment measures, etc.) have had and will continue to have a significant impact, both direct and indirect, on economic activity and financial markets worldwide. In particular, severe economic downturns in many regions of the world and the reduction in global trade have had and may continue to have severe adverse effects on the global economic environment as global production, investment, supply chains and consumer spending are and will continue to be negatively impacted.

Faced with the negative economic and market repercussions of the pandemic, various governments and central banks have taken or have announced a train of measures aimed at bolstering the economy (in the form of loan guarantee systems, tax deferrals, extended unemployment coverage, etc.) or improving liquidity on the financial markets (increased asset purchases, credit lines, etc.). However, there is no guarantee that such measures will prove sufficient to offset the negative effects of the pandemic on the wider regional or global economy, to mitigate regional or global recessions (which are currently occurring or are generally expected) or to fully and durably stabilize financial markets. The economic environment may well deteriorate further before gradually improving.

Uncertainty as to the duration, magnitude and future trajectory of the pandemic, as well as to how fast lockdowns will be lifted and mobility constraints and other restrictions relaxed, makes it difficult to predict its impact on BNP Paribas Home Loan SFH.

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 this 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 -35 096 952 158 €, 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 35 096 952 158 € as of 30 June 2020

This pool is used to an extent of 30 619 829 855 € 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

30/06/2020

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	30/06/2020		30/06/2019	
	Income	Expenses	Income	Expenses
Banks	202 090 139	(8 614 024)	224 733 469	(4 460 442)
Demand accounts, loans and borrowings	202 090 139	(8 614 024)	224 733 469	(4 460 442)
Debt securities		(193 124 868)		(219 846 835)
Bonds		(192 758 592)		(219 456 885)
Term subordinated debt		(366 276)		(389 950)
Interest income and expense	202 090 139	(201 738 892)	224 733 469	(224 307 278)

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	30/06/2020		30/06/2019	
	Income	Expenses	Income	Expenses
Banking and financial transactions	625 000	(218 478)	625 000	(131 568)
Securities trading	625 000	(218 478)	625 000	(131 568)
Commission income and expenses	625 000	(218 478)	625 000	(131 568)

In euros	30/06/2020		30/06/2019	
	Income	Expenses	Income	Expenses
Gains or losses on transactions in trading portfolios	1	-	-	(0)
Fee income and expense	1	-	-	(0)

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	30/06/2020	30/06/2019
Other administrative expenses	(408 287)	(463 726)
<i>Remuneration of intermediaries</i>	<i>(377 251)</i>	<i>(377 234)</i>
<i>Taxes and duties</i>	<i>(31 036)</i>	<i>(86 492)</i>
<i>Guarantee fund and (S)ingle (R)esolution (F)und</i>		
Total general operating expenses	(408 287)	(463 726)
<i>Guarantee fund and (S)ingle (R)esolution (F)und (1)</i>	<i>(1 582 784)</i>	<i>(1 368 591)</i>
Total Various Bank Operating Charges	(1 582 784)	(1 368 591)

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

In euros	30/06/2020	30/06/2019
Various operating income	1 582 784	1 368 591
Other various operating income (1)	1 582 784	1 368 591

(1) European Regulation No. 806/2014 of the Single Resolution Fund. 2019 call for fund in an amount 1 368 591 euros with re-invoicing to BNP PARIBAS pursuant to the 2019 Fee Letter

2.d CORPORATE INCOME TAX

In euros	30/06/2020	30/06/2019
Current tax for the period	(94 228)	(126 192)
Corporate income tax	(94 228)	(126 192)

3. NOTES ON THE BALANCE SHEET AT 30/06/2020

3.a - AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2020	31/12/2019
Loans and receivables	31 989 674 673	29 504 315 414
Ordinary debit accounts	15 154 699	13 360 435
Term accounts and loans	31 974 519 974	29 490 954 978
Loans and amounts due from banks	31 989 674 673	29 504 315 414
<i>Including associated receivables</i>	<i>242 576 261</i>	<i>276 763 058</i>

In euros	30/06/2020	31/12/2019
Ordinary credit accounts	0	0
Debts and borrowings	890 007 733	2 300 005 208
Amounts due to banks	890 007 733	2 300 005 208
<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 2020 as in 2019

3.b OTHER ASSETS AND LIABILITIES

In euros	30/06/2020	31/12/2019
Miscellaneous payables	1 605 432	1 444 451
<i>Including (S)ingle (R)esolution (F)und</i>	<i>1 581 383</i>	<i>1 444 451</i>
Other assets	1 605 432	1 444 451
Miscellaneous creditors	12 955	25 940
Other liabilities	12 955	25 940

As at 30/06/2020, no trade payables appeared in the BNP Paribas Home Loan SFH accounts

3c - ADJUSTMENT ACCOUNTS

In euros	30/06/2020	31/12/2019
Accrued income	4 704 975	811 737
Other debit adjustment accounts	198 022 372	205 103 354
<i>Prepaid charges</i>	198 022 372	205 103 354
Adjustment accounts – assets	202 727 346	205 915 091
Accrued expenses	2 872 629	989 585
Other credit adjustment accounts	30 799 107	30 897 582
<i>prepaid income</i>	30 799 107	30 897 582
<i>Other adjustment accounts</i>	-	0
Adjustment accounts – liabilities	33 671 735	31 887 167

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 184,1 M€ in 2020 (186,9 M€ in 2019)

3.d DEBT SECURITIES

In euros	30/06/2020	31/12/2019
Bonds	30 745 705 131	26 817 953 338
Associated liabilities	198 108 987	234 989 396
Debt securities	30 943 814 118	27 052 942 734

3.e SUBORDINATED DEBT

In euros	30/06/2020	31/12/2019
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	33 636	32 978
Subordinated debt	40 033 636	40 032 978

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 dividend shares without voting rights					
Preferred shares					
Partnership shares					
Investment certificates					

4.b CHANGES IN SHAREHOLDERS' EQUITY

in euros	31/12/2019	Increases in accounts	Decreases in accounts	30/06/2020
Equity	285 000 000	-	-	285 000 000
Premium on shares				
- Legal reserve	1 115 490	28 646		1 144 136
Retained earnings	94 305	(25 723)		68 582
Profit for the period	572 923	255 255	(572 923)	255 255
Shareholders' equity	286 782 718	258 179	(572 923)	286 467 974

4.c NOTIONAL OF FINANCIAL INSTRUMENTS

In euros	30/06/2020	31/12/2019	
Exchange rate derivatives	240 288 346	240 288 346	933100
Interest-rate derivatives	-	-	943100
OTC financial forward instruments	240 288 346	240 288 346	

The net valuation of the swaps as of 30/06/2020 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 30/06/2020 is: 24 143 904

4.d AGING OF APPLICATIONS AND SOURCES OF FUNDS

In euros	Remaining period				Pr ov isi	Total
	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years		
APPLICATIONS						
<i>demand receivables</i>	15 155 398	0	0	0		15 155 398
<i>t receivables</i>	1 215 000 000	2 490 943 712	13 250 000 000	14 776 000 001		31 731 943 713
SOURCES						
Amounts due to banks	890 000 000	-				890 000 000
Debt securities		2 490 943 711	13 250 000 000	15 004 761 420		30 745 705 131
Transactions with clients						-
Subordinated debts	-	15 000 000	-	25 000 000		40 000 000

Table of earnings for the last five financial years

Indicator	31/12/2016	31/12/2017	31/12/2018	31/12/2019	30/06/2020
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	2 335 795	2 703 795	3 248 254	2 987 989	2 340 554
Earnings before taxes, depreciation and amortisation	499 583	1 097 269	1 237 857	816 741	349 483
Corporate income tax	(166 265)	(368 059)	(381 591)	(243 818)	(94 228)
<u>Earnings after taxes, depreciation and amortisation</u>	<u>333 318</u>	<u>729 210</u>	<u>856 266</u>	<u>572 923</u>	<u>255 255</u>
Distributed earnings	-	1 140 000	855 000	570 000	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0,01	0,03	0,03	0,02	0,01
Earnings after taxes, depreciation and amortisation	0,01	0,03	0,03	0,02	0,01
Dividend paid per share	0	0,04	0,03	0,02	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

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 2020

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified joint-stock company
(*société par actions simplifiée*)
with capital of €2,510,460
RCS Nanterre 672 006 483

Deloitte & Associés

6, place de la Pyramide
92908 Paris La Défense Cedex
French simplified joint-stock company
(*société par actions simplifiée*)
with capital of €2,188,160
RCS Nanterre 572 028 041

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 2020

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 2020;
- the verification of the information contained in the half-year management report.

These half-year financial statements were prepared under the responsibility of the Board of Directors on 16 September 2020 based on information available at that date and in the evolving context of the Covid-19 crisis and the difficulties in assessing its impacts and the future prospects of the Company. 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 2020, 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, 22 September 2020

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Ridha Ben Chamek

Laurence Dubois