

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 31 DECEMBER 2016

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 31 December 2016 and the related notes to the Financial Statements provide comparative information for 31 December 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 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 185,674,972 € and they are classified in category b), micro-hedging, in application of rule 90-15 of the Banking and Financial Regulatory Committee (CRBF).
- the derivative financial instrument for hedging the underlying assets in terms of collateral and its mirror swap, representing -32,535,800,558 €, has been classified in category a), isolated open positions, in application of rule 90-15 of the Banking and Financial Regulatory Committee (CRBF) 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 covered bonds, BNP Paribas has collateralised, for BNP Paribas Home Loan SFH, a pool of real estate loans totalling 32,750,221,789 € (thirty-two billion seven hundred fifty million two hundred twenty-one thousand seven hundred eighty-nine) as of 31 December 2016.

This pool is used to an extent of 28,551,929,608 € (euros) 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.

INCOME STATEMENT AT 31/12/2016

In euros	Notes	31/12/2016	31/12/2015
Interest and similar income	2.a	507 874 955	1 215 055 249
Interest and similar expenses	2.a	(507 500 556)	(1 214 621 931)
Revenues from variable-income securities			
Commissions (income)	2.b	1 250 000	1 350 000
Commissions (expenses)	2.b	(282 046)	(761 762)
Gains or losses on transactions on trading portfolios		(161)	(227)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations	2.c	993 603	1 113 646
Other expenses on banking operations		-	-
NET BANKING INCOME		2 335 795	2 134 976
Labour costs		-	-
Other administrative expenses	2.c	(1 836 212)	(1 985 134)
<i>Including (S)ingle (R)esolution (F)und (1)</i>		<i>(993 603)</i>	<i>(1 113 646)</i>
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		499 583	149 842
Cost of risk		-	-
OPERATING PROFIT		499 583	149 842
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		499 583	149 842
Net exceptional income/expense			
Corporate income tax	2.d	(166 265)	(56 813)
NET PROFIT		333 318	93 029

BALANCE SHEET AT 31 DECEMBER 2016

In euros	Notes	31/12/2016	31/12/2015
ASSETS			
Cash, Central Banks, PO accounts		334	515
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	28 602 296 945	27 792 499 626
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
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets		-	-
Tangible fixed assets		-	-
Treasury shares			
Other assets	3.b	652 619	712 824
Adjustment accounts	3.d	252 551 441	270 222 411
TOTAL ASSETS		28 855 501 338	28 063 439 375
* Reclassification on 31/12/2015 of the Bank of France's bank account			
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	26
Amounts due to banks	3.a	1 970 000 000	1 789 805 586
Transactions with clients		-	-
Debt securities	3.e	26 500 137 086	25 878 606 437
Other liabilities	3.b	140 254	41 358
Adjustment accounts	3.d	58 568 146	68 659 884
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 036 531	40 040 082
TOTAL DEBTS		28 568 882 018	27 777 153 373
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed		285 000 000	285 000 000
Premium on shares			
Reserves		1 019 551	1 014 899
Retained earnings		266 452	178 074
Profit for the period		333 318	93 029
TOTAL SHAREHOLDERS' EQUITY		286 619 320	286 286 002
TOTAL LIABILITIES		28 855 501 338	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		-	-

2. NOTES ON THE INCOME STATEMENT AT 31 DECEMBER 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	31/12/2016		31/12/2015	
	Income	Expenses	Income	Expenses
Banks	507 874 955	(4 216 899)	1 215 055 249	(683 704 800)
Demand accounts, loans and borrowings	507 874 955	(4 216 899)	1 215 055 249	(683 704 800)
Debt securities		(503 283 657)		(530 917 131)
Bonds		(502 465 570)		(530 002 850)
Term subordinated debt		(818 087)		(914 281)
Interest income and expenses	507 874 955	(507 500 556)	1 215 055 249	(1 214 621 931)

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	31/12/2016		31/12/2015	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 250 000	(282 046)	1 350 000	(761 762)
Securities trading	1 250 000	(282 046)	1 350 000	(761 762)
Commission income and expenses	1 250 000	(282 046)	1 350 000	(761 762)

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	31/12/2016	31/12/2015
Other administrative expenses	(1 836 212)	(1 985 134)
<i>Remuneration of intermediaries</i>	<i>(804 952)</i>	<i>(831 970)</i>
<i>Taxes and duties</i>	<i>(61 657)</i>	<i>(39 518)</i>
<i>Guarantee fund and (S)ingle (R)esolution (F)und</i>	<i>(969 603)</i>	<i>(1 113 646)</i>
Total general operating expenses	(1 836 212)	(1 985 134)

In euros	31/12/2016	31/12/2015
----------	------------	------------

Various operating income 993 603 1 113 646

Other various operating income (1) 993 603 1 113 646

European Rule No. 806/2014 of the Single Resolution Fund.

2.d CORPORATE INCOME TAX

In euros	31/12/2016	31/12/2015
----------	------------	------------

Current tax for the period (166 265) (56 813)

Corporate income tax (166 265) (56 813)

3. NOTES ON THE BALANCE SHEET AT 31/12/2016

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2016	31/12/2015
----------	------------	------------

Loans and receivables 28 602 296 945 27 792 499 626

Ordinary debit accounts (2) 13 927 522 11 662 341

Term accounts and loans 28 588 369 423 27 780 837 285

Loans and amounts due from banks 28 602 296 945 27 792 499 626

including associated receivables 311 993 907 306 344 436

In euros	31/12/2016	31/12/2015
----------	------------	------------

Ordinary credit accounts 0 26

Debts and borrowings 1 970 000 000 1 789 805 586

Amounts due to banks 1 970 000 000 1 789 805 612

Including associated liabilities (1) (194 414)

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

(2) Reclassification on 31/12/2015 of the Bank of France's bank account - Heading: Cash, Central banks and PO accounts

3.b OTHER ASSETS AND LIABILITIES

In euros	31/12/2016	31/12/2015
Miscellaneous payables	652 619	712 824
<i>Including (S)ingle (R)esolution (F)und</i>	652 619	477 277
Other assets	652 619	712 824
Miscellaneous creditors	140 254	41 358
Other liabilities	140 254	41 358

As at 31/12/2016, no trade payables appeared in the BNP Paribas Home Loan SFH accounts

3c SECURITIES TRANSACTIONS

In euros	31/12/2016	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
Holdings and other securities held long term	-	4 000

3d ADJUSTMENT ACCOUNTS

In euros	31/12/2016	31/12/2015
Accrued income	864 591	3 483 357
Other debit adjustment accounts	251 686 849	266 739 053
<i>Prepaid charges</i>	251 686 849	266 739 053
Adjustment accounts – assets	252 551 441	270 222 411
Accrued expenses	1 284 927	1 717 967
Other credit adjustment accounts	57 283 219	66 941 917
<i>prepaid income</i>	57 283 219	66 941 917
<i>Other adjustment accounts</i>	0	
Adjustment accounts – liabilities	58 568 146	68 659 884

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for 206 M€ in 2016 (212 M€ in 2015).

3.e DEBT SECURITIES

In euros	31/12/2016	31/12/2015
Bonds	26 221 437 510	25 599 554 842
Associated liabilities	278 699 576	279 051 595
Debt securities	26 500 137 086	25 878 606 437

3.f SUBORDINATED DEBT

In euros	31/12/2016	31/12/2015
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	36 531	40 082
Subordinated debt	40 036 531	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	31/12/2016
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	333 318	(93 029)	333 318
Shareholders' equity	286 286 002	426 347	(93 029)	286 619 320

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	31/12/2016	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 31/12/2016 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 31/12/2016 is : 33 550 859

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>	13 927 856	0	0	0	13 927 856
<i>Term receivables</i>	3 945 000 000	20 000 000	14 043 375 516	10 268 000 000	28 276 375 516
SOURCES					
Amounts due to banks	1 970 000 000	-			1 970 000 000
Debt securities	1 650 000 000	20 000 000	14 043 375 515	10 508 061 995	26 221 437 510
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	31/12/2016
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	2 335 795
Earnings before taxes, depreciation and amortisation	1 110 841	1 585 288	808 228	149 842	499 583
Corporate income tax	(384 259)	(586 991)	(297 442)	(56 813)	(166 265)
Earnings after taxes, depreciation and amortisation	726 582	998 297	510 786	93 029	333 318
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	0.01
Earnings after taxes, depreciation and amortisation	0.03	0.04	0.02	0.00	0.01
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

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 modified 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

**STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2016**

PricewaterhouseCoopers Audit

63 rue de Villiers
92200 Neuilly sur Seine

DELOITTE ET ASSOCIES

185, avenue Charles de Gaulle
95524 Neuilly-Sur-Seine Cedex

Statutory auditors' report on the financial statements for the year ended 31 December 2016

To the Shareholders

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of BNP PARIBAS HOME LOAN SFH;
- the justification of our assessments;
- the specific verification 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling 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 assets and liabilities and of the financial position of BNP PARIBAS HOME LOAN SFH as at 31 December 2016 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 hereby inform you that our assessments covered the appropriateness of the accounting policies applied in addition to the reasonableness of the material estimates used and the overall presentation of the financial statements.

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 procedures and disclosures

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 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 compensations and benefits granted to corporate officers and any other commitments granted to them. 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 your company or controlled by it. We draw your attention to the reasons presented in the management report explaining that your company does not provide any information regarding compensations and benefits granted by the controlling entity to the corporate officers of your company who are not also corporate officers of the controlling company.

BNP PARIBAS HOME LOAN SFH

Statutory auditors' report on the financial statements for the year ended 31 December 2016

Neuilly-sur-Seine, 30 march 2017

French original signed by
The statutory auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent Tavernier

Sylvie Bourguignon