

FINANCIAL STATEMENTS OF

BNP PARIBAS HOME LOAN SFH

Dated 31 DECEMBER 2017

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 2017 and the related notes to the Financial Statements provide comparative information for 31 December 2016.

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 they are classified in category b), micro-hedging, in application of ANC rule No. 2014-07.
- the derivative financial instrument for hedging the underlying assets in terms of collateral and its mirror swap, representing -34,897,464.62 €, has been classified in category a), isolated open positions, in application of ANC rule 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, determined 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 headed by 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 financing bonds, BNP Paribas has collateralised, for BNP Paribas Home Loan SFH, a pool of real estate loans totalling 34,897,464,062 € (thirty-four billion, eight hundred ninety-seven million, four hundred sixty-four thousand, sixty-two euros) as of 31 December 2016.

This pool has been used to an extent of 32,788,097,410 € (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.

The company has its registered office in France and has no branches or subsidiaries, pursuant to the provisions of article L. 513-29 of the Monetary and Financial Code established abroad and including in the non-cooperative States.

INCOME STATEMENT AT 31 DECEMBER 2017

In euros	Notes	31/12/2017	31/12/2016
Interest and similar income	2.a	475 224 208	507 874 955
Interest and similar expenses	2.a	(474 491 448)	(507 500 556)
Revenues from variable-income securities			-
Commissions (income)	2.b	1 250 000	1 250 000
Commissions (expenses)	2.b	(292 413)	(282 046)
Gains or losses on transactions on trading portfolios		(1)	(161)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations - Single Resolution Fund	2.c	1 013 122	993 603
Other expenses on banking operations		-	-
NET BANKING INCOME		2 703 468	2 335 795
Labour costs		-	-
Other administrative expenses <i>Including (S)ingle (R)esolution (F)und (I)</i>	2.c	(1 606 199) (1 013 122)	(1 836 212) (969 603)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		1 097 269	499 583
Cost of risk		-	-
OPERATING PROFIT		1 097 269	499 583
Gains or losses on capitalised assets			
Net transfers to regulated provisions			
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1 097 269	499 583
Net exceptional income/expense			
Corporate income tax	2.d	(368 059)	(166 265)
NET PROFIT		729 210	333 318

BALANCE SHEET AT 31 DECEMBER 2017

In euros	Notes	31/12/2017	31/12/2016
ASSETS			
Cash, Central Banks, PO accounts		153	334
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	28 734 034 644	28 602 296 945
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	836 167	652 619
Adjustment accounts	3.d	241 208 351	252 551 441
TOTAL ASSETS		28 976 079 315	28 855 501 338
LIABILITIES			
DEBTS			
Central Banks, PO accounts	3.a	-	-
Amounts due to banks	3.a	310 003 326	1 970 000 000
Transactions with clients		-	-
Debt securities	3.e	28 285 729 671	26 500 137 086
Other liabilities	3.b	246 303	140 254
Adjustment accounts	3.d	52 715 200	58 568 146
Provisions for contingencies and charges		-	-
Subordinated debt	3.f	40 036 286	40 036 531
TOTAL DEBTS		28 688 730 785	28 568 882 018
SHAREHOLDERS' EQUITY			
	4.b		
<i>Share capital subscribed</i>		285 000 000	285 000 000
<i>Premium on shares</i>		-	-
<i>Reserves</i>		1 036 216	1 019 551
<i>Retained earnings</i>		583 104	266 452
<i>Profit for the period</i>		729 210	333 318
TOTAL SHAREHOLDERS' EQUITY		287 348 530	286 619 320
TOTAL LIABILITIES		28 976 079 315	28 855 501 338
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments		-	-
Guarantee commitments		831 405	652 619
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments		-	-
Guarantee commitments		-	-
Commitments on securities		-	-

2. NOTES ON THE INCOME STATEMENT AT 31 DECEMBER 2017

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	31/12/2017		31/12/2016	
	Income	Expenses	Income	Expenses
Banks	475 224 208	(7 855 374)	507 874 955	(4 216 899)
Demand accounts, loans and borrowings	475 224 208	(7 855 374)	507 874 955	(4 216 899)
Debt securities		(466 636 075)		(503 283 657)
Bonds		(465 856 255)		(502 465 570)
Term subordinated debt		(779 820)		(818 087)
Interest income and expenses	475 224 208	(474 491 448)	507 874 955	(507 500 556)

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	31/12/2017		31/12/2016	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 250 000	(292 413)	1 250 000	(282 046)
Securities trading	1 250 000	(292 413)	1 250 000	(282 046)
Commission income and expenses	1 250 000	(292 413)	1 250 000	(282 046)

2.c OPERATING GENERAL EXPENSES & VARIOUS OPERATING INCOME

In euros	31/12/2017	31/12/2016
Other administrative expenses	(1 606 199)	(1 836 212)
<i>Remuneration of intermediaries</i>	<i>(528 423)</i>	<i>(804 952)</i>
<i>Taxes and duties</i>	<i>(64 654)</i>	<i>(61 657)</i>
<i>Guarantee fund and (S)ingle (R)esolution (F)und</i>	<i>(1 013 122)</i>	<i>(969 603)</i>
Total general operating expenses	(1 606 199)	(1 836 212)

In euros	31/12/2017	31/12/2016
Various operating income	1 013 122	993 603
Other various operating income (1)	<i>1 013 122</i>	<i>993 603</i>

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

2017 call for fund in an amount 1 013 122 euros with re invoicing to BNP PARIBAS pursuant to the 2017 Fee Letter

2.d CORPORATE INCOME TAX

In euros	31/12/2017	31/12/2016
Current tax for the period	(368 059)	(166 265)
Corporate income tax	(368 059)	(166 265)

3. NOTES ON THE BALANCE SHEET AT 31/12/2017

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2017	31/12/2016
Loans and receivables	28 734 034 644	28 602 296 945
Ordinary debit accounts	14 049 501	13 927 522
Term accounts and loans	28 719 985 142	28 588 369 423
Loans and amounts due from banks	28 734 034 644	28 602 296 945
<i>including associated receivables</i>	<i>285 355 124</i>	<i>311 993 907</i>

In euros	31/12/2017	31/12/2016
Ordinary credit accounts	0	0
Debts and borrowings	310 003 326	1 970 000 000
Amounts due to banks	310 003 326	1 970 000 000
<i>Including associated liabilities (1)</i>	<i>-</i>	<i>-</i>

(1) Interest rates on collateral being negative, the interest was attached to assets in 2017 as in 2016.

3.b OTHER ASSETS AND LIABILITIES

In euros	31/12/2017	31/12/2016
Miscellaneous payables	836 167	652 619
<i>Including (S)ingle (R)esolution (F)und</i>	<i>831 405</i>	<i>652 619</i>
Other assets	836 167	652 619
Miscellaneous creditors	A 246 303	140 254
Other liabilities	246 303	140 254

As at 31/12/2017, no trade payables appeared in the BNP Paribas Home Loan SFH accounts

3c SECURITIES TRANSACTIONS

In euros	31/12/2017	31/12/2016
	Net book value	Net book value
Holdings <i>including provisions</i>	-	-
Other securities held long term <i>including provisions</i>		
Holdings and other securities held long term	-	-

3d ADJUSTMENT ACCOUNTS

In euros	31/12/2017	31/12/2016
Accrued income	2 006 679	864 591
Other debit adjustment accounts <i>Prepaid charges</i>	239 201 671 239 201 671	251 686 849 251 686 849
Adjustment accounts – assets	241 208 351	252 551 441
Accrued expenses	1 324 099	1 284 927
Other credit adjustment accounts <i>prepaid income</i> <i>Other adjustment accounts</i>	51 391 101 51 391 101 -	57 283 219 57 283 219 -
Adjustment accounts – liabilities	52 715 200	58 568 146

The adjustment accounts – assets include the zero-coupon bond redemption premiums still to be spread out for **202.4** M€ in 2017 (206 M€ in 2016).

3.e DEBT SECURITIES

In euros	31/12/2017	31/12/2016
Bonds	28 039 692 013	26 221 437 510
Associated liabilities	246 037 658	278 699 576
Debt securities	28 285 729 671	26 500 137 086

3.f SUBORDINATED DEBT

In euros	31/12/2017	31/12/2016
Repayable subordinated debt	40 000 000	40 000 000
Associated liabilities	36 286	36 531
Subordinated debt	40 036 286	40 036 531

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	31/12/2016	Increases in accounts	Decreases in accounts	31/12/2017
Equity	285 000 000	-	-	285 000 000
- Legal reserve	1 019 551	16 666		1 036 216
Retained earnings	266 452	316 652		583 104
Profit for the period	333 318	729 210	(333 318)	729 210
Shareholders' equity	286 619 321	1 062 527	(333 318)	287 348 530

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	31/12/2017	31/12/2016
Exchange rate derivatives	240 288 346	240 288 346
Interest-rate derivatives	-	-
OTC financial forward instruments	240 288 346	240 288 346

The net valuation of the swaps as of 31/12/2017 is zero

The capital gain on the issuers' swaps before allowing for the borrowers' swaps on the issues as of 31/12/2017 is: 16 137 679

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>	14 049 655	0	0	0	14 049 655
<i>Term receivables</i>	638 500 000	2 200 000 000	13 978 130 019	11 618 000 000	28 434 630 019
SOURCES					
Amounts due to banks	310 000 000	-			310 000 000
Debt securities	3 500 000	2 200 000 000	13 978 130 018	11 858 061 995	28 039 692 013
Transactions with clients					-
Subordinated debt	-	-	15 000 000	25 000 000	40 000 000

Table of earnings for the last five financial years

Indicator	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
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	2 441 122	1 629 368	2 134 976	2 335 795	2 703 468
Earnings before taxes, depreciation and amortisation	1 585 288	808 228	149 842	499 583	1 097 269
Corporate income tax	(586 991)	(297 442)	(56 813)	(166 265)	(368 059)
Earnings after taxes, depreciation and amortisation	998 297	510 786	93 029	333 318	729 210
Distributed earnings	1 140 000	570 000	-	-	-
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	0.04	0.02	0.00	0.01	0.03
Earnings after taxes, depreciation and amortisation	0.04	0.02	0.00	0.01	0.03
Dividend paid per share	0.04	0.02	0	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

BNP Paribas Home Loan SFH

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Société anonyme

1, boulevard Haussmann

75009 Paris

Statutory auditors' report on the financial statements

For the year ended 31 December 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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BNP Paribas Home Loan SFH

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Statutory auditors' report on the financial statements

For the year ended 31 December 2017

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 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017 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 functions assigned to the audit committee.

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 those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in 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 (code de commerce) relating to the justification of our assessments, [*Le cas échéant*: and in addition to the matter described in the "*Material Uncertainty Related to Going Concern*" section], we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

Verification of the Management Report and of the Other Documents Provided to the Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report of the Board of Directors and in the other documents provided to the Shareholder with respect to the financial position and the financial statements.

We do not have any matters to report as to 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 other documents provided to the Shareholder with respect to the financial position and the financial statements.

Report on corporate governance

We confirm the existence, in the management report of the Board of Directors on corporate governance, of the information required by article L.225-37-4 of the French Commercial Code (code de commerce).

Concerning the information required by article L.225-37-3 on the wages and benefits paid to company officers as well as on commitments granted to them, we verified their consistency with accounting or with other data used to prepare the financial statements and, if needed, with data collected by your company from controlling or controlled entities. Based on this work, our comment on the

BNP Paribas Home Loan SFH

accuracy and fairness of these information are the following: as indicated in the report on corporate governance, these information do not include wages and benefits paid by BNP Paribas SA to company officers for their position as employees of BNP Paribas SA. if they do not also hold a company officer position within BNP Paribas SA.

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 2017, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 12th year and 6th year of total uninterrupted engagement respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 is expected to liquidate the Company or to cease operations.

The board of directors performing the functions assigned to the audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the 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 from 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 of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains an understanding of internal control 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the board of directors performing the functions assigned to the audit committee

BNP Paribas Home Loan SFH

We submit a report to the the board of directors performing the functions assigned to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to he board of directors performing the functions assigned to the audit committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the board of directors performing the functions assigned to the audit committee 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 such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the board of directors performing the functions assigned to the audit committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, le [**Date**]

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent TAVERNIER

Sylvie BOURGUIGNON