

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 30 June 2018

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INCOME STATEMENT AT 30 June 2018

In euros	Notes	30/06/2018	30/06/2017
Interest and similar income	2.a	8 316 302	8 283 702
Interest and similar expenses	2.a	(4 651 021)	(3 984 022)
Revenues from variable-income securities			
Commissions (income)	2.b	600 000	600 000
Commissions (expenses)	2.b	(290 196)	(403 225)
Gains or losses on foreign exchange and arbitrage transactions		(171 835)	460 663
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(286)	(1 751)
NET BANKING INCOME		3 802 964	4 955 367
Labour costs		-	-
Other administrative expenses	2.c	(277 305)	(707 334)
Various bank operating charges	2.c	(292 810)	-
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	-
Decrease in the depreciation of securities portfolio and various operations		-	-
GROSS OPERATING PROFIT		3 232 849	4 248 033
Cost of risk			
OPERATING PROFIT		3 232 849	4 248 033
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		3 232 849	4 248 033
Net exceptional income/expense (1)			
Corporate income tax	2.d	(1 145 957)	(1 549 839)
NET PROFIT		2 086 892	2 698 194

BALANCE SHEET at 30 June 2018

In euros	Notes	30/06/2018	31/12/2017
ASSETS			
Cash, Central Banks, PO accounts	3.a	4 395	1 485
Treasury bills and similar securities			
Loans and advances to banks	3.b	161 966 399	211 468 436
Transactions with clients	3.c	1 189 718 839	1 410 629 671
Bad debts	3.c	33 709 923	12 540 953
Bonds and other fixed-income securities	3.d	295 002 153	296 608 224
Equities and other variable-income securities			
Equity investments and other long-term securities		-	-
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.e	14 653 671	7 916 383
Adjustment accounts	3.f	19 334 728	40 075 409
TOTAL ASSETS		1 714 390 108	1 979 240 561
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	501 158 111	734 218 397
Transactions with clients	3.b		
Debt securities	3.g	1 012 842 466	1 031 746 575
Other liabilities	3.e		
Adjustment accounts	3.f	106 828 111	118 577 475
Provisions for contingencies and charges			
Subordinated debt	3.h	65 159 185	65 161 411
TOTAL DEBTS		1 685 987 873	1 949 703 858
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		2 266 708	2 097 657
Retained earnings		8 635	18 025
Profit for the period		2 086 892	3 381 021
TOTAL SHAREHOLDERS' EQUITY		28 402 235	29 536 703
TOTAL LIABILITIES		1 714 390 108	1 979 240 561
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	343 482	291 810
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	1 048 598 115	1 253 724 013
Commitments on securities			

1. SUMMARY OF THE ACCOUNTING PRINCIPLES APPLIED BY BNP PARIBAS PUBLIC SECTOR SCF

The financial statements of the company have been prepared in accordance with accounting principles generally applicable in France to financial companies as appearing in ANC rule 2014-07 dated 26 November 2014.

The income statement dated 30 JUNE 2018 and the related notes to the Financial Statements provide comparative information for 30 JUNE 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 receivables held under banking operations with banks. They are broken down between demand and term receivables.

Client receivables are made up mainly of export credits and loans to financial clients guaranteed by public sector bodies, to which one is to add receivables on the local authorities. These are broken down into commercial receivables, other credits and equipment credits.

Loans and advances to banks and clients are stated in the balance sheet at face value plus accrued interest not yet due.

Discounts/premiums arising from the difference between the face value and the purchase price are recognised on a straight-line basis over the remaining term of the receivables.

Short-term investment securities

Securities not recognised under any other existing category are recognised as short-term investment securities.

Bonds and the other fixed-income securities are stated at the lower of acquisition price (excluding accrued interest) or probable trading value. Trading value is generally determined by reference to stock-market value. Accrued interest is recognised in the income statement under the heading "Interest and similar income on bonds and other fixed-income securities".

Any difference between acquisition price and redemption price of fixed-income investment securities acquired on the secondary market is recognised through profit or loss over the remaining life of the securities. In the balance sheet, the carrying amount of the securities is therefore gradually adjusted to redemption value.

Debt securities

Debt securities are shown by type of underlier: these are mainly real estate-backed bonds.

Interest accrued on these securities is recorded in an associated liabilities account as the counter-entry to the income statement entry.

Premiums on shares or redemption of bond borrowings are amortised on an actuarial basis over the term of the borrowing.

Amounts due to banks

Amounts due to banks are presented by their initial term or type: demand or term liabilities for banks. Interest accrued on these liabilities is recorded on the balance sheet under associated liabilities.

Forward financial instruments

Commitments on forward financial instruments are contracted on various markets for the purpose of specific or overall hedging of assets and liabilities, or for trading purposes.

Their accounting treatment depends on the management strategy applied to such instruments.

Prepayments and accrued income from swap payoffs, together with interest and income receivable on swaps, are shown in the balance sheet in the adjustment accounts, by offsetting currencies.

➤ **Derivative financial instruments held for hedging purposes**

Income and expenses on forward derivative financial instruments used for hedging, attributed from the outset to one item or to a single homogeneous set of identified items, are recognised through profit or loss symmetrically to recognition of the income and expenses from the items hedged and under the same accounts heading.

Corporate income tax

As of 2014, BNP PARIBAS PUBLIC SECTOR SCF is applying a change of accounting method with respect to its deferred taxes.

Corporate income tax is an expense of the period to which the income or expenses relate, irrespective of the date it is actually paid. When the period during which the income and the charges contribute to the accounting net income does not coincide with the one during which the income is taxed and the charges are deducted, BNP PARIBAS PUBLIC SECTOR SCF posts a deferred tax determined in accordance with the variable carryover method, taking, as its base, all of the timing differences between the book values and the taxation values of the balance sheet elements and the tax rates applicable in the future once they have been voted. The deferred tax credits are the object of an accounting entry taking account of the likelihood of their recovery.

The change is an exceptional one and is justified by the improvement in financial information insofar as it makes it possible to avoid the volatility resulting from the taxation treatment inherent to the company's activity.

Recognition of income and charges

Interest and related commissions are recognised as they arise, on a pro rata basis. Commissions similar in nature to interest comprise mainly certain ones received when they are incorporated into remuneration on loans.

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.

Foreign currency transactions

Receivables, liabilities, and off-balance sheet commitments 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, except for financial instruments recorded as off-balance sheet items, for which the difference is held in an adjustment account.

Income and charges denominated in foreign currencies and relating to loans, borrowings or off-balance sheet items are recorded in the income and charges accounts opened in each of the foreign currencies concerned, with the translation being made at the monthly closeout dates.

The net monthly income in foreign currencies is partially hedged, to the extent of the net monthly income calculated in accordance with IFRS. The unhedged portion gives rise to a foreign exchange gain or loss through profit or loss.

Income and charges in foreign currencies are stated at the converted value as of the date of the transaction.

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 under ANC No. 2014-07 concerning presentation of the information about affiliated parties are inapplicable.

Tax consolidation rules

BNP PARIBAS Public Sector SCF is consolidated by the "Groupe Fiscal France", the group head of which is BNP Paribas.

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 company's accounts are included on the basis of the full consolidation method in the consolidated accounts of BNP PARIBAS SA.

2. NOTES ON THE INCOME STATEMENT AT 30 JUNE 2018

2.a INTEREST MARGIN

Under the headings "Interest and similar income" and "Interest and similar expenses" BNP Paribas Public Sector SCF shows the calculated income on financial instruments carried at amortised cost.

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

In euros	30/06/2018		30/06/2017	
	Income	Expenses	Income	Expenses
Banks	424 658	(922 164)	964 665	(263 557)
Demand accounts, loans and borrowings	424 658	(922 164)	964 665	(263 557)
Clients	6 663 724	-	6 097 761	-
Demand accounts, loans and term accounts	6 663 724		6 097 761	
Bonds and other fixed-income securities	1 227 920	(1 590 421)	1 221 276	(1 587 316)
Short-term investment securities	1 227 920	(1 590 421)	1 221 276	(1 587 316)
Debt securities	-	(2 138 436)	-	(2 133 149)
Real estate-backed bonds		(1 673 875)		(1 667 709)
Term subordinated debt		(464 561)		(465 440)
Interest income and expenses	8 316 302	(4 651 021)	8 283 702	(3 984 022)

2.b COMMISSIONS

In euros	30/06/2018		30/06/2017	
	Income	Expenses	Income	Expenses
Banking and financial transactions	600 000	(290 196)	600 000	(403 225)
Securities trading <i>including investment commissions</i>	600 000	(290 196) (161 076)	600 000	(403 225) (161 076)
Commission income and expenses	600 000	(290 196)	600 000	(403 225)

2.c OPERATING GENERAL EXPENSES

In euros	30/06/2018	30/06/2017
Other administrative expenses	(277 305)	(707 334)
Remuneration of intermediaries	(208 264)	(222 773)
Taxes and duties	(69 041)	(65 620)
<i>(S) ingle (R) esolution (F) und</i>		(418 941)
Operating expenses	(277 305)	(707 334)
<i>(S) ingle (R) esolution (F) und (1)</i>	(292 810)	
Various bank operating charges	(292 810)	-

(1) Reclassification of the contribution to the SRF under various bank operating charges

2.d CORPORATE INCOME TAX

In euros	30/06/2018	30/06/2017
Current tax for the period	(1 144 909)	(8 096 620)
Deferred tax	(1 048)	6 546 781
Corporate income tax	(1 145 957)	(1 549 839)

3. NOTES ON THE BALANCE SHEET AT 30 JUNE 2018

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	30/06/2018	31/12/2017
Central Banks and PO accounts	4 395	1 485
Central Banks	4 395	1 485
Central Banks	4 395	1 485

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2018	31/12/2017
Loans and receivables	161 966 399	211 468 436
Ordinary debit accounts	64 836 343	96 906 434
Term accounts and loans	97 130 056	114 562 002
Loans and amounts due from banks	161 966 399	211 468 436
<i>Of which associated receivables</i>	<i>749 141</i>	<i>1 034 894</i>

In euros	30/06/2018	31/12/2017
Debts and borrowings	501 158 111	734 218 397
Credit balances on ordinary accounts		
Term borrowings (1)	501 156 737	734 217 230
Interest on collateral cash paid in connection with SRF	1 374	1 167
Amounts due to banks	501 158 111	734 218 397
<i>Of which associated liabilities (1)</i>	<i>15 379</i>	<i>28</i>

(1) Interest rates on collateral being negative, the interest was attached to assets on 30 June 2018

3.c TRANSACTIONS WITH CLIENTS

In euros	30/06/2018	31/12/2017
Loans and receivables	1 223 428 762	1 423 170 624
Other client lending	1 189 718 839	1 410 629 671
Bad debts	33 709 923	12 540 953
Transactions with clients – Assets	1 223 428 762	1 423 170 624
<i>including associated receivables</i>	<i>5 482 596</i>	<i>5 911 513</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	30/06/2018	31/12/2017
Bonds and other fixed-income securities		
Gross value	292 277 478	293 867 899
Reserve		
Associated charges	2 724 675	2 740 325
Bonds and other fixed-income securities	295 002 153	296 608 224

3.e OTHER ASSETS AND LIABILITIES

In euros	30/06/2018	31/12/2017
Sundry other assets	14 653 671	7 916 383
<i>including down payment on company tax</i>	<i>3 203 621</i>	<i>(3 517 069)</i>
<i>including deferred tax assets</i>	<i>11 058 311</i>	<i>11 059 359</i>
<i>including (S)ingle (R)esolution (F)und</i>	<i>343 482</i>	<i>291 810</i>
<i>including claims on the state</i>	<i>48 257</i>	<i>82 283</i>
Other assets	14 653 671	7 916 383
Sundry other liabilities		-
<i>including deferred tax liabilities</i>	-	-
including profits taxes		
Other taxes and levies		
Other liabilities	-	-

3.f ADJUSTMENT ACCOUNTS

In euros	30/06/2018	31/12/2017
Accrued income	13 749 918	33 256 042
Other debit adjustment accounts	5 584 810	6 819 367
<i>including Expenses attributable to more than one period</i>	1 848 932	2 408 244
<i>including Prepaid Charges</i>	3 735 878	4 411 124
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	19 334 728	40 075 409
Accrued expenses	12 192 823	15 320 897
Other credit adjustment accounts	32 525 771	40 619 017
<i>including prepaid income</i>	32 525 771	40 619 017
Revaluation of derivative and foreign exchange instruments	62 109 517	62 637 561
Adjustment accounts – liabilities	106 828 111	118 577 475

3.g DEBT SECURITIES

In euros	30/06/2018	31/12/2017
Bond borrowings	1 000 000 000	1 000 000 000
<i>associated liabilities</i>	12 842 466	31 746 575
Debt securities	1 012 842 466	1 031 746 575

3.h SUBORDINATED DEBT

In euros	30/06/2018	31/12/2017
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	159 185	161 411
Subordinated debt	65 159 185	65 161 411

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	2 404 000			2 404 000	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	30/06/2018
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	2 097 657	169 051		2 266 708
- Reserves required by the bylaws and contractual	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	18 025		(9 390)	8 635
Profit for the period	3 381 021	2 086 892	(3 381 021)	2 086 892
Shareholders' equity	29 536 703	2 255 943	(3 390 411)	28 402 235

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

The total of derivative financial instrument notionals is only an indication of the volume of BNP PARIBAS PUBLIC SECTOR's activity on the financial instruments markets, and does not reflect the market risk attached to these instruments

In euros	30/06/2018	31/12/2017
Exchange rate derivatives	716 486 488	845 113 397
Interest-rate derivatives	2 623 005 708	2 711 707 025
OTC financial forward instruments	3 339 492 196	3 556 820 422
The net valuation of the swaps is:	6 814 110 €	27 699 026 €
The capital gain on swaps on the clientele assets and on the securities is:	-61 894 601 €	-74 776 044 €
The capital gain on swaps on the issues is:	68 708 711 €	102 475 070 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	30/06/2018	31/12/2017
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	343 482	291 810
Guarantee commitments received	343 482	291 810

In euros	30/06/2018	31/12/2017
Clients		
BPIFRANCE ASSURANC- ex Coface	291 981 405	379 286 822
Euler Hermes KreditVersi	420 114 791	494 048 986
Export CT guarantee dept	227 446 909	254 740 079
Export import BK OF US	107 022 852	123 676 186
EKF DENMARK	2 032 158	1 971 940
Guarantee commitments received	1 048 598 115	1 253 724 013

4.e AGING OF APPLICATIONS AND SOURCES OF FUNDS

In thousands of euros	Transactions		Remaining term			Total
	On demand	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	
APPLICATIONS						
Central Bank	4					4
Loans and advances to banks	64 836	91 140	1 497	3 744	0	161 217
Demand receivables	64 836					64 836
Term receivables		91 140	1 497	3 744	0	96 381
Transactions with clients		67 864	302 304	791 793	55 985	1 217 946
Bonds and other fixed-income securities				245 100	47 178	292 278
SOURCES						
Amounts due to banks				501 141		501 141
Debt securities				1 000 000		1 000 000
Subordinated debt			65 000			65 000

Company earnings for the last five financial years

In euros	31/12/2014	31/12/2015	31/12/2016	31/12/2017	30/06/2018
Financial position at the end of the year					
Share capital	24 040 000	24 040 000	36 040 000	24 040 000	24 040 000
Number of shares issued	2 404 000	2 404 000	3 604 000	2 404 000	2 404 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	5 581 464	4 382 684	6 306 228	6 240 732	3 802 964
Earnings before taxes, depreciation and amortisation	5 001 397	(15 272 112)	5 216 224	5 283 185	3 232 849
Corporate income tax	(1 539 165)	5 080 183	(1 914 275)	(1 902 164)	(1 145 957)
Earnings after taxes, depreciation and amortisation	3 345 564	(9 991 016)	3 350 029	3 381 021	2 086 892
Distributed earnings			2 259 760	3 221 360	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	1,44	(2,83)	1,37	1,41	0,87
Earnings after taxes, depreciation and amortisation	1,39	(2,77)	1,39	1,41	0,87
Dividend paid per share		-	0,94	1,34	-
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 PUBLIC SECTOR SCF

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**STATUTORY AUDITORS' REVIEW REPORT ON THE 2018
INTERIM FINANCIAL INFORMATION**

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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.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2018 INTERIM FINANCIAL INFORMATION

BNP PARIBAS PUBLIC SECTOR SCF
1 Boulevard Haussmann
75009 Paris

In compliance with the assignment entrusted to us by your General Shareholders' 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 interim financial statements of 2018, for the six months ended 30, June 2018;
- the verification of the information contained in the half-year management report.

These interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim 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 interim 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 2018, and of the results of its operations for the six months then ended in accordance with French accounting principles.

II - Specific verification

We have also verified the information given in the half-year management report on the interim financial statements subject to our review.

BNP PARIBAS PUBLIC SECTOR SCF

STATUTORY AUDITORS' REVIEW REPORT ON THE 2018 INTERIM FINANCIAL INFORMATION

We have no matters to report as to its fair presentation and consistency with the interim financial statements.

Neuilly-sur-Seine, 14 September 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

DELOITTE ET ASSOCIES

Ridha Ben Chamek

Laurence Dubois