

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 30 June 2019

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CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT 30 June 2019

In euros	Notes	30/06/2019	30/06/2018
Interest and similar income	2.a	5 609 635	8 316 302
Interest and similar expenses	2.a	(6 388 806)	(4 651 021)
Revenues from variable-income securities			
Commissions (income)	2.b	600 000	600 000
Commissions (expenses)	2.b	(287 653)	(290 196)
Gains or losses on foreign exchange and arbitrage transactions		(23 909)	(171 835)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(272)	(286)
NET BANKING INCOME		(491 005)	3 802 964
Labour costs		-	-
Other administrative expenses	2.c	(306 313)	(277 305)
Various bank operating charges	2.c	(244 707)	(292 810)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		(15 706)	-
Decrease in the depreciation of securities portfolio and various operations		4 169	
GROSS OPERATING PROFIT		(1 053 562)	3 232 849
Cost of risk			
OPERATING PROFIT		(1 053 562)	3 232 849
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(1 053 562)	3 232 849
Net exceptional income/expense (1)			
Corporate income tax	2.d	(6 547 777)	(1 145 957)
NET PROFIT		(7 601 339)	2 086 892

BALANCE SHEET at 30 June 2019

In euros	Notes	30/06/2019	31/12/2018
ASSETS			
Cash, Central Banks, PO accounts	3.a	2 204	3 298
Treasury bills and similar securities			
Loans and advances to banks	3.b	166 631 997	160 913 610
Transactions with clients	3.c	600 090 025	817 644 000
Bad debts	3.c	3 910 105	30 829 794
Bonds and other fixed-income securities	3.d	663 052 646	460 146 811
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	648 654	15 834 881
Adjustment accounts	3.f	16 883 788	37 536 322
TOTAL ASSETS		1 451 219 419	1 522 908 716
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	375 022 022	334 329 471
Transactions with clients	3.b		
Debt securities	3.g	1 012 842 466	1 031 746 575
Other liabilities	3.e	-	2 425
Adjustment accounts	3.f	44 582 120	64 235 446
Provisions for contingencies and charges			
Subordinated debt	3.h	-	65 162 890
TOTAL DEBTS		1 432 446 608	1 495 476 807
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		2 322 537	2 266 708
Retained earnings		11 613	8 635
Profit for the period		(7 601 339)	1 116 566
TOTAL SHAREHOLDERS' EQUITY		18 772 811	27 431 909
TOTAL LIABILITIES		1 451 219 419	1 522 908 716
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	386 666	343 482
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	485 903 149	718 796 117
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 regulation 2014-07 dated 26 November 2014.

The income statement dated 30 June 2019 and the related notes to the Financial Statements provide comparative information for 30 June 2018.

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 2019

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	30/06/2019		30/06/2018	
	Income	Expenses	Income	Expenses
Banks	55 214	(869 837)	424 658	(922 164)
Demand accounts, loans and borrowings	55 214	(869 837)	424 658	(922 164)
Clients	2 652 885	-	6 663 724	-
Demand accounts, loans and term accounts	2 652 885		6 663 724	
Bonds and other fixed-income securities	2 901 536	(3 757 696)	1 227 920	(1 590 421)
Short-term investment securities	2 901 536	(3 757 696)	1 227 920	(1 590 421)
Debt securities	-	(1 761 273)	-	(2 138 436)
Real estate-backed bonds		(1 686 292)		(1 673 875)
Term subordinated debt		(74 981)		(464 561)
Interest income and expenses	5 609 635	(6 388 806)	8 316 302	(4 651 021)

2.b COMMISSIONS

In euros	30/06/2019		30/06/2018	
	Income	Expenses	Income	Expenses
Banking and financial transactions	600 000	(287 653)	600 000	(290 196)
Securities trading <i>including investment commissions</i>	600 000	(287 653) (161 076)	600 000	(290 196) (161 076)
Commission income and expenses	600 000	(287 653)	600 000	(290 196)

2.c OPERATING GENERAL EXPENSES

In euros	30/06/2019	30/06/2018
Other administrative expenses	(306 313)	(277 305)
Remuneration of intermediaries	(236 604)	(208 264)
Taxes and duties	(69 709)	(69 041)
<i>(S) ingle (R) esolution (F) und</i>		
Operating expenses	(306 313)	(277 305)
<i>(S) ingle (R) esolution (F) und</i>	(244 707)	(292 810)
Various bank operating charges	(244 707)	(292 810)

2.d CORPORATE INCOME TAX

In euros	30/06/2019	30/06/2018
Current tax for the period	(5 522)	(1 144 909)
Deferred tax	(6 542 255)	(1 048)
Corporate income tax	(6 547 777)	(1 145 957)

3. NOTES ON THE BALANCE SHEET AT 30 JUNE 2019

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	30/06/2019	31/12/2018
Central Banks and PO accounts	2 204	3 298
Central banks	2 204	3 298
Central banks	2 204	3 298

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2019	31/12/2018
Loans and receivables	166 631 997	160 913 610
Ordinary debit accounts	70 859 270	66 968 716
Term accounts and loans	95 772 727	93 944 894
Loans and amounts due from banks	166 631 997	160 913 610
<i>Of which associated receivables</i>	40 563	49 255

In euros	30/06/2019	31/12/2018
Debts and borrowings	375 022 022	334 329 471
Credit balances on ordinary accounts		
Term borrowings (1)	375 020 475	334 328 097
Interest on collateral cash paid in connection with SRF	1 547	1 374
Amounts due to banks	375 022 022	334 329 471
<i>(1) Interest rates on collateral being negative, the interest was attached to liabilities on 30 June 2019</i>	6 628	14 858

3.c TRANSACTIONS WITH CLIENTS

In euros	30/06/2019	31/12/2018
Loans and receivables	604 000 130	848 473 794
Other client lending	600 090 025	817 644 000
Bad debts	3 910 105	30 829 794
Transactions with clients – Assets	604 000 130	848 473 794
<i>Including associated receivables</i>	2 587 227	3 620 918

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	30/06/2019	31/12/2018
Bonds and other fixed-income securities		
Gross value	657 140 863	455 494 559
Reserve	(15 706)	(4 169)
Associated charges	5 927 489	4 656 421
Bonds and other fixed-income securities	663 052 646	460 146 811

3.e OTHER ASSETS AND LIABILITIES

In euros	30/06/2019	31/12/2018
Sundry other assets	648 654	15 834 881
<i>including Down Payment on company tax</i>	-	8 664 512
<i>including deferred Tax assets</i>	222 092	6 764 347
<i>including (S)ingle (R)esolution (F)und</i>	386 666	343 482
<i>including claims on the state</i>	39 896	62 540
Other assets	648 654	15 834 881
Sundry other liabilities		
<i>including deferred Tax liabilities</i>	-	-
<i>including profits taxes</i>		
<i>Other taxes and levies</i>	-	2 425
Other liabilities	-	2 425

3.f ADJUSTMENT ACCOUNTS

In euros	30/06/2019	31/12/2018
Accrued income	13 720 180	33 239 222
Other debit adjustment accounts	3 163 608	4 297 100
<i>including Expenses attributable to more than one period</i>	730 312	1 289 622
<i>including Prepaid Charges</i>	2 433 296	3 007 478
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	16 883 788	37 536 322
Accrued expenses	9 264 432	12 613 844
Other credit adjustment accounts	25 467 554	29 647 205
<i>including Prepaid Income</i>	25 467 554	29 647 205
Revaluation of derivative and foreign exchange instruments	9 850 134	21 974 397
Adjustment accounts – liabilities	44 582 120	64 235 446

3.g DEBT SECURITIES

In euros	30/06/2019	31/12/2018
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	30/06/2019	31/12/2018
Repayable subordinated debt	-	65 000 000
<i>Associated liabilities</i>	-	162 890
Subordinated debt	-	65 162 890

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	31/12/2018	Increases in accounts	Decreases in accounts	30/06/2019
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	2 266 708	55 828		2 322 536
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	8 635	2 978		11 613
Profit for the period	1 116 566	(7 601 339)	(1 116 566)	(7 601 339)
Shareholders' equity	27 431 909	(7 542 533)	(1 116 566)	18 772 810

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	30/06/2019	31/12/2018
Exchange rate derivatives	332 047 144	481 836 493
Interest rate derivatives	2 858 284 812	2 724 996 028
OTC financial forward instruments	3 190 331 956	3 206 832 521
The net valuation of the sw aps is:	3 152 192 €	29 602 392 €
The capital gain on sw aps on the clientele assets and on the securities is:	-32 957 542 €	-41 328 439 €
The capital gain on sw aps on the issues is:	36 109 734 €	70 930 831 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	30/06/2019	31/12/2018
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	386 666	343 482
Guarantee commitments received	386 666	343 482
In euros	30/06/2019	31/12/2018
Clients		
BPIFRANCE ASSURANC- ex Coface	133 894 421	231 606 434
Euler Hermes KreditVersi	248 908 878	354 663 799
Export CT guarantee dept	31 181 522	40 725 128
Export import BK OF US	71 918 328	89 729 494
EKF DENMARK	-	2 071 263
Guarantee commitments received	485 903 149	718 796 118

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	2					2
Loans and advances to banks	70 859	24 000	69 493	2 239	0	166 591
demand receivables	70 859					70 859
term receivables		24 000	69 493	2 239	0	95 732
Transactions with clients		54 865	195 619	325 755	25 174	601 413
Bonds and other fixed-income securities			299 981	357 145		657 126
SOURCES						
Amounts due to banks			375 000			375 000
Debt securities			1 000 000			1 000 000
Subordinated debt						-

Company earnings for the last five financial years

In euros	31/12/2015	31/12/2016	31/12/2017	31/12/2018	30/06/2019
Financial position at the end of the year					
Share capital	36 040 000	24 040 000	24 040 000	24 040 000	24 040 000
Number of shares issued	3 604 000	2 404 000	2 404 000	2 404 000	2 404 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	4 382 684	6 306 228	6 240 732	6 287 353	(491 005)
Earnings before taxes, depreciation and amortisation	(15 272 112)	5 216 224	5 283 185	5 440 001	(1 042 025)
Corporate income tax	5 080 183	(1 914 275)	(1 902 164)	(4 319 266)	(6 547 777)
Earnings after taxes, depreciation and amortisation	(9 991 016)	3 350 029	3 381 021	1 116 566	(7 601 339)
Distributed earnings		2 259 760	3 221 360	1 057 760	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	(2,83)	1,37	1,41	0,47	(3,16)
Earnings after taxes, depreciation and amortisation	(2,77)	1,39	1,41	0,46	(3,16)
Dividend paid per share	-	0,94	1,34	0,44	-
Personnel					
Number of employees	Néant	Néant	Néant	Néant	Néant
Payroll costs	Néant	Néant	Néant	Néant	Néant
Total fringe benefits paid (social security, welfare initiatives, etc.)	Néant	Néant	Néant	Néant	Néant

BNP PARIBAS PUBLIC SECTOR SCF 2019

Société Anonyme

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**STATUTORY AUDITORS' REVIEW REPORT ON THE 2019
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 2019 INTERIM FINANCIAL INFORMATION

BNP PARIBAS PUBLIC SECTOR 2019

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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 2019, for the six months ended 30, June 2019;
- 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 2019, 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.

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

Neuilly-sur-Seine, 30 September 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

DELOITTE ET ASSOCIES

Ridha Ben Chamek

Laurence Dubois