

**FINANCIAL STATEMENTS OF**

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**BNP PARIBAS PUBLIC SECTOR SCF**

**Dated 31 DECEMBER 2019**

## BALANCE SHEET AT 31 December 2019

In euros	Notes	31/12/2019	31/12/2018
Interest and similar income	2.a	14 503 159	15 537 180
Interest and similar expenses	2.a	(14 453 326)	(9 589 275)
Revenues from variable-income securities			
Commissions (income)	2.b	1 200 000	1 200 000
Commissions (expenses)	2.b	(540 850)	(538 284)
Gains or losses on foreign exchange and arbitrage transactions		(119 992)	(321 476)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(435)	(791)
<b>NET BANKING INCOME</b>		<b>588 556</b>	<b>6 287 354</b>
Labour costs		-	-
Other administrative expenses	2.c	(629 172)	(554 543)
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		(139 098)	(4 169)
Decrease in the depreciation of securities portfolio and various operations			
<b>GROSS OPERATING PROFIT</b>		<b>(424 421)</b>	<b>5 435 832</b>
Cost of risk			
<b>OPERATING PROFIT</b>		<b>(424 421)</b>	<b>5 435 832</b>
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>(424 421)</b>	<b>5 435 832</b>
Net exceptional income/expense (1)			
Corporate income tax	2.d	(9 542 803)	(4 319 266)
<b>NET PROFIT</b>		<b>(9 967 224)</b>	<b>1 116 566</b>

## BALANCE SHEET at 31 December 2019

In euros	Notes	31/12/2019	31/12/2018
<b>ASSETS</b>			
Cash, Central Banks, PO accounts	3.a	1 108	3 298
Treasury bills and similar securities			
Loans and advances to banks	3.b	1 097 627 871	160 913 610
Transactions with clients	3.c	393 608 446	817 644 000
Bad debts	3.c	28 368 752	30 829 794
Bonds and other fixed-income securities	3.d	582 169 568	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	528 903	15 834 881
Adjustment accounts	3.f	35 158 617	37 536 322
<b>TOTAL ASSETS</b>		<b>2 137 463 265</b>	<b>1 522 908 716</b>
<b>LIABILITIES</b>			
<b>DEBTS</b>			
Central Banks, PO accounts			
Amounts due to banks	3.b	1 060 126 926	334 329 471
Transactions with clients	3.b		
Debt securities	3.g	1 031 746 575	1 031 746 575
Other liabilities	3.e	2 770 127	2 425
Adjustment accounts	3.f	26 412 711	64 235 446
Provisions for contingencies and charges			
Subordinated debt	3.h	-	65 162 890
<b>TOTAL DETTES</b>		<b>2 121 056 339</b>	<b>1 495 476 807</b>
<b>CAPITAUX PROPRES</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		(9 967 224)	1 116 566
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>16 406 926</b>	<b>27 431 909</b>
<b>TOTAL LIABILITIES</b>		<b>2 137 463 265</b>	<b>1 522 908 716</b>
<b>OFF-BALANCE-SHEET ITEMS</b>			
<b>COMMITMENTS GIVEN</b>			
Finance commitments			
Guarantee commitments	4.d	386 666	343 482
Commitments on securities		-	-
<b>COMMITMENTS RECEIVED</b>			
Finance commitments			
Guarantee commitments	4.d	324 768 150	718 796 117
Commitments on securities			

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# 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 31 December 2019 and the related notes to the Financial Statements provide comparative information for 31 December 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 31 DECEMBER 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	31/12/2019		31/12/2018	
	Income	Expenses	Income	Expenses
<b>Banks</b>	<b>1 374 967</b>	<b>(2 149 562)</b>	<b>585 640</b>	<b>(1 340 963)</b>
Demand accounts, loans and borrowings	1 374 967	(2 149 562)	585 640	(1 340 963)
<b>Clients</b>	<b>6 266 033</b>	<b>-</b>	<b>11 913 552</b>	<b>-</b>
Demand accounts, loans and term accounts	6 266 033		11 913 552	
<b>Bonds and other fixed-income securities</b>	<b>6 862 159</b>	<b>(9 131 146)</b>	<b>3 037 988</b>	<b>(3 934 340)</b>
Short-term investment securities	6 862 159	(9 131 146)	3 037 988	(3 934 340)
<b>Debt securities</b>	<b>-</b>	<b>(3 172 618)</b>	<b>-</b>	<b>(4 313 972)</b>
Real estate-backed bonds		(3 097 637)		(3 374 524)
Term subordinated debt		(74 981)		(939 448)
<b>Interest income and expenses</b>	<b>14 503 159</b>	<b>(14 453 326)</b>	<b>15 537 180</b>	<b>(9 589 275)</b>

### 2.b COMMISSIONS

In euros	31/12/2019		31/12/2018	
	Income	Expenses	Income	Expenses
<b>Banking and financial transactions</b>	<b>1 200 000</b>	<b>(540 850)</b>	<b>1 200 000</b>	<b>(538 284)</b>
Securities trading <i>including investment commissions</i>	1 200 000	(540 850) (324 822)	1 200 000	(538 284) (324 822)
<b>Commission income and expenses</b>	<b>1 200 000</b>	<b>(540 850)</b>	<b>1 200 000</b>	<b>(538 284)</b>



## 2.c OPERATING GENERAL EXPENSES

In euros	31/12/2019	31/12/2018
<b>Other administrative expenses</b>	<b>(629 172)</b>	<b>(554 543)</b>
Remuneration of intermediaries	(426 078)	(430 828)
Taxes and duties	(203 094)	(123 715)
<i>(S) ingle (R) esolution (F) und</i>		
<b>Operating expenses</b>	<b>(629 172)</b>	<b>(554 543)</b>
<i>(S) ingle (R) esolution (F) und (1)</i>	(244 707)	(292 810)
<b>Various bank operating charges</b>	<b>(244 707)</b>	<b>(292 810)</b>

## 2.d CORPORATE INCOME TAX

In euros	31/12/2019	31/12/2018
<b>Current tax for the period</b>	<b>(8 329)</b>	<b>(24 254)</b>
<b>Deferred tax</b>	<b>(9 534 474)</b>	<b>(4 295 012)</b>
<b>Corporate income tax</b>	<b>(9 542 803)</b>	<b>(4 319 266)</b>

### 3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2019

#### 3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2019	31/12/2018
<b>Central Banks and PO accounts</b>	<b>1 108</b>	<b>3 298</b>
Central Banks	1 108	3 298
<b>Central Banks</b>	<b>1 108</b>	<b>3 298</b>

#### 3.b AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2019	31/12/2018
<b>Loans and receivables</b>	<b>1 097 627 871</b>	<b>160 913 610</b>
Ordinary debit accounts	70 496 854	66 968 716
Term accounts and loans (1)	1 027 131 017	93 944 894
<b>Loans and amounts due from banks</b>	<b>1 097 627 871</b>	<b>160 913 610</b>
<i>Of which associated receivables</i>	<i>153 968</i>	<i>49 255</i>

(1) Interest rates on borrowings being negative, interest has been capitalized as at December 31, 2019

In euros	31/12/2019	31/12/2018
<b>Debts and borrowings</b>	<b>1 060 126 926</b>	<b>334 329 471</b>
Credit balances on ordinary accounts		
Term borrowings (2)	1 060 125 379	334 328 097
Interest on collateral cash paid in connection with SRF	1 547	1 374
<b>Amounts due to banks</b>	<b>1 060 126 926</b>	<b>334 329 471</b>

(2) Interest rates on loans being negative, interest has been recognized as a liability as at December 31, 2019

### 3.c TRANSACTIONS WITH CLIENTS

In euros	31/12/2019	31/12/2018
<b>Loans and receivables</b>	<b>421 977 198</b>	<b>848 473 794</b>
Other client lending	393 608 446	817 644 000
Bad debts	28 368 752	30 829 794
<b>Transactions with clients – Assets</b>	<b>421 977 198</b>	<b>848 473 794</b>
<i>including associated receivables</i>	<i>1 582 606</i>	<i>3 620 918</i>

### 3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2019	31/12/2018
<b>Bonds and other fixed-income securities</b>		
Gross value	<b>576 767 413</b>	<b>455 494 559</b>
Reserve	(143 267)	(4 169)
Associated charges	5 545 422	4 656 421
<b>Bonds and other fixed-income securities</b>	<b>582 169 568</b>	<b>460 146 811</b>

### 3.e OTHER ASSETS AND LIABILITIES

In euros	31/12/2019	31/12/2018
<b>Sundry other assets</b>	<b>528 903</b>	<b>15 834 881</b>
<i>including down payment on company tax</i>	-	8 664 512
<i>including deferred tax assets</i>	-	6 764 347
<i>including (S)ingle (R)esolution (F)und</i>	386 666	343 482
<i>including claims on the state</i>	142 237	62 540
<b>Other assets</b>	<b>528 903</b>	<b>15 834 881</b>
<b>Sundry other liabilities</b>		
<i>including deferred tax liabilities</i>	2 770 127	-
<i>including profits taxes</i>		
<i>Other taxes and levies</i>	-	2 425
<b>Other liabilities</b>	<b>2 770 127</b>	<b>2 425</b>

### 3.f ADJUSTMENT ACCOUNTS

In euros	31/12/2019	31/12/2018
<b>Accrued income</b>	33 113 263	33 239 222
<b>Other debit adjustment accounts</b>	2 045 354	4 297 100
<i>including Expenses attributable to more than one period</i>	171 002	1 289 622
<i>including Prepaid Charges</i>	1 874 353	3 007 478
<b>Revaluation of derivative and foreign exchange instruments</b>		
<b>Adjustment accounts – assets</b>	<b>35 158 617</b>	<b>37 536 322</b>
<b>Accrued expenses</b>	7 865 510	12 613 844
<b>Other credit adjustment accounts</b>	15 186 348	29 647 205
<i>including prepaid income</i>	15 186 348	29 647 205
<b>Revaluation of derivative and foreign exchange instruments</b>	3 360 853	21 974 397
<b>Adjustment accounts – liabilities</b>	<b>26 412 711</b>	<b>64 235 446</b>

### 3.g DEBT SECURITIES

In euros	31/12/2019	31/12/2018
<b>Bond borrowings</b>	1 000 000 000	1 000 000 000
<i>associated liabilities</i>	31 746 575	31 746 575
<b>Debt securities</b>	<b>1 031 746 575</b>	<b>1 031 746 575</b>

### 3.h SUBORDINATED DEBT

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

## 4. ADDITIONAL INFORMATION

### 4.a POST-CLOSING EVENTS

The coronavirus outbreak, which began at the close of 2019, was not recognized as a pandemic by the World Health Organisation until 11 March 2020. Many Governments and regulatory agencies took various measures to curb its spread by imposing travel restrictions and through quarantines, closures of businesses and other activities, and containment of certain areas. These measures are bound to affect global supply chains and demand for goods and services and will therefore have a significant impact on global growth.

Concurrently, fiscal and monetary policies have been eased so as to bolster the economy. While these government measures and their effects are still evolving, uncertainty remains high about the extent of the damage that this epidemic may have caused to both

The financial statements at December 31, 2019 have been prepared on a going concern basis and have discounted the effects of this event after the balance sheet date. This epidemic might have a more or less severe impact on the financial statements for the financial year 2020. These will depend in particular on the financial health of customers prior to the epidemic and the effectiveness of governmental and financial support measures they will be able to avail themselves of [and on the extent of the damage affecting their business activities or workforce.

While the effect of these events on [the entity] is largely unpredictable as the pandemic continues to spread, these impacts will primarily affect the valuation of assets.

These will be mitigated by the effects of the package of counter-cyclical measures.

### 4.b 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.c CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2018	Increases in accounts	Decreases in accounts	31/12/2019
<b>Capital</b>	<b>24 040 000</b>			<b>24 040 000</b>
Premium on shares				
- Legal reserve (1)	2 266 708	55 828		2 322 536
- Reserves required by the bylaws and contractual	-			-
- 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	(9 967 224)	(1 116 566)	(9 967 224)
<b>Shareholders' equity</b>	<b>27 431 909</b>	<b>(9 908 418)</b>	<b>(1 116 566)</b>	<b>16 406 925</b>

#### 4.d 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	31/12/2019	31/12/2018
Exchange rate derivatives	234 155 906	481 836 493
Interest-rate derivatives	2 697 197 643	2 724 996 028
<b>OTC financial forward instruments</b>	<b>2 931 353 549</b>	<b>3 206 832 521</b>
The net valuation of the sw aps is:	15 812 240 €	29 602 392 €
The capital gain on sw aps on the clientele assets and on the securities is:	-21 275 406 €	-41 328 439 €
The capital gain on sw aps on the issues is:	37 087 646 €	70 930 831 €

#### 4.e INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2019	31/12/2018
<b>Other order guarantees on behalf of the clientele</b>		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	386 666	343 482
<b>Guarantee commitments received</b>	<b>386 666</b>	<b>343 482</b>
In euros	31/12/2019	31/12/2018
<b>Clients</b>		
BPIFRANCE ASSURANC- ex Coface	97 291 666	231 606 434
Euler Hermes KreditVersi	194 825 035	354 663 799
Export CT guarantee dept	17 511 547	40 725 128
Export import BK OF US	15 139 902	89 729 494
EKF DENMARK	-	2 071 263
<b>Guarantee commitments received</b>	<b>324 768 150</b>	<b>718 796 118</b>

#### 4.f 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	
<b>APPLICATIONS</b>						
<b>Central Bank</b>	<b>1</b>					<b>1</b>
<b>Loans and advances to banks</b>	<b>70 497</b>	<b>1 024 000</b>	<b>1 489</b>	<b>1 488</b>	<b>0</b>	<b>1 097 474</b>
Demand receivables	70 497					70 497
Term receivables		1 024 000	1 489	1 488	0	1 026 977
<b>Transactions with clients</b>		<b>46 386</b>	<b>152 159</b>	<b>205 964</b>	<b>15 886</b>	<b>420 395</b>
<b>Bonds and other fixed-income securities</b>		<b>80 029</b>	<b>364 006</b>	<b>132 590</b>		<b>576 625</b>
<b>SOURCES</b>						
<b>Amounts due to banks</b>		<b>1 000 000</b>	<b>60 000</b>			<b>1 060 000</b>
<b>Debt securities</b>		<b>1 000 000</b>				<b>1 000 000</b>
<b>Subordinated debt</b>						<b>-</b>

## Company earnings for the last five financial years

In euros	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
<b>Financial position at the end of the year</b>					
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
<b>Actual operating earnings</b>					
Net banking income	4 382 684	6 306 228	6 240 732	6 287 353	588 556
Earnings before taxes, depreciation and amortisation	(15 272 112)	5 216 224	5 283 185	5 440 001	(285 323)
Corporate income tax	5 080 183	(1 914 275)	(1 902 164)	(4 319 266)	(9 542 803)
Earnings after taxes, depreciation and amortisation	(9 991 016)	3 350 029	3 381 021	1 116 566	(9 967 224)
Distributed earnings		2 259 760	3 221 360	1 057 760	
<b>Earnings per share</b>					
Earnings after taxes, but before depreciation and amortisation	(2,83)	1,37	1,41	0,47	(4,09)
Earnings after taxes, depreciation and amortisation	(2,77)	1,39	1,41	0,46	(4,15)
Dividend paid per share	-	0,94	1,34	0,44	-
<b>Personnel</b>					
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



**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**Deloitte & Associés**

6, place de la Pyramide  
92908 Paris-La Défense Cedex

French simplified joint-stock company  
(*société par actions simplifiée*) with  
capital of €2,188,160

RCS Nanterre 572 028 041

# **BNP Paribas Public Sector SCF**

French joint-stock company (*société anonyme*)

1, boulevard Haussmann, 75009 Paris

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## **Statutory Auditors' report on the financial statements**

For the year ended 31 December 2019

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*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 readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

### **Opinion**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of BNP Paribas Public Sector SCF for the year

ended 31 December 2019. The financial statements were approved by the Board of Directors on 26 March 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

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 at 31 December 2019 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, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code (*Code de commerce*).

## **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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

### **Independence**

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or 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 relating to the justification of our assessments, we are required to inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

We determined that there were no key audit matters to discuss in our report on the financial statements approved in the context set out above.

### **Specific verifications**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

### **Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on 26 March 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the matter described below.

Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code, we have the following matter to report:

As indicated in the management report, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of the information to be provided.

Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements.

### **Report on corporate governance**

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by article L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, 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 the Company from companies controlling it or controlled by it. Based on this work, we have the following matter to report concerning the accuracy and fair presentation of this information: as indicated in the report on corporate governance, this information does not include the remuneration and benefits paid by BNP Paribas S.A. to the relevant corporate officers in their capacity as employees of BNP Paribas S.A., if they do not also hold a corporate office.

## **Report on other legal and regulatory requirements**

### **Appointment of the Statutory Auditors**

We were appointed Statutory Auditors of BNP Paribas Public Sector SCF by the Annual General Meetings held on 17 November 2008 for PricewaterhouseCoopers Audit and 12 September 2012 for Deloitte & Associés.

At 31 December 2019, Deloitte & Associés and PricewaterhouseCoopers Audit were in the eighth and the twelfth consecutive year of their engagement, respectively, and the third year since the Company qualified as a public interest entity as defined under European law.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code, is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as

well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## **Responsibilities of the Statutory Auditors relating to the audit of the financial statements**

### **Objective 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 of 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 taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report to the Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code**

We submit a report to the Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code, which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code, includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code, with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures

with the Board of Directors, acting as the Company's Specialised Committee as defined in article L.823-19 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, 30 March 2020

The Statutory Auditors

PricewaterhouseCoopers Audit    Deloitte & Associés

Ridha Ben Chamek

Laurence Dubois