



BNP PARIBAS
PUBLIC SECTOR SCF

**FINANCIAL STATEMENTS OF
BNP PARIBAS PUBLIC SECTOR SCF**

Dated 30 June 2020

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INCOME STATEMENT AT

30/06/2020

In euros	Notes	30/06/2020	30/06/2019
Interest and similar income	2.a	202 090 139	224 733 469
Interest and similar expenses	2.a	(201 738 892)	(224 307 278)
Revenues from variable-income securities		-	-
Commissions (income)	2.b	625 000	625 000
Commissions (expenses)	2.b	(218 478)	(131 568)
Gains or losses on transactions on trading portfolios		1	(0)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations - Single Resolution Fund	2.c	1 582 784	1 368 591
Other expenses on banking operations		-	-
NET BANKING INCOME		2 340 554	2 288 214
Labour costs		-	-
Other administrative expenses	2.c	(408 287)	(463 726)
Including (S)ingle (R)esolution (F)und 1		-	-
Various Bank Operating Charges		(1 582 784)	(1 368 591)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
GROSS OPERATING PROFIT		349 483	455 897
Cost of risk		-	-
OPERATING PROFIT		349 483	455 897
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		349 483	455 897
Net exceptional income/expense		-	-
Corporate income tax	2.d	(94 228)	(126 192)
NET PROFIT		255 255	329 705

BALANCE SHEET at 30 June 2020

In euros	Notes	30/06/2020	31/12/2019
ASSETS			
Cash, Central Banks, PO accounts	3.a	15	1 108
Treasury bills and similar securities			
Loans and advances to banks	3.b	49 107 059	1 097 627 871
Transactions with clients	3.c	301 551 256	393 608 446
Bad debts	3.c	18 969 606	28 368 752
Bonds and other fixed-income securities	3.d	391 346 974	582 169 568
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	448 253	528 903
Adjustment accounts	3.f	3 148 887	35 158 617
TOTAL ASSETS		764 572 050	2 137 463 265
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3b	730 489 935	1 060 126 926
Transactions with clients	3.b		
Debt securities	3.g		1 031 746 575
Other liabilities	3.e	2 628 008	2 770 127
Adjustment accounts	3.f	14 105 464	26 412 711
Provisions for contingencies and charges			
Subordinated debt	3.h	-	-
TOTAL DEBTS		747 223 407	2 121 056 339
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.b		
Premium on shares	4.a	24 040 000	24 040 000
Reserves		2 322 537	2 322 537
Retained earnings		(9 955 612)	11 613
Profit for the period		941 718	(9 967 224)
TOTAL SHAREHOLDERS' EQUITY		17 348 643	16 406 926
TOTAL LIABILITIES		764 572 050	2 137 463 265
OFF-BALANCE-SHEET ITEMS			
	Notes	30/06/2020	31/12/2019
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments			
Commitments on securities	4.d	428 728	386 666
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments			
Commitments on securities	4.d	229 838 121	324 768 150

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 2020 and the related notes to the Financial Statements provide comparative information for 31 December 2019.

The method adopted for valuing items recorded in the accounting records is historical cost.

Background to the balance sheet date: the COVID-19 pandemic

Since it appeared in China in December 2019, a new strain of the coronavirus (COVID-19) has morphed into a pandemic and has spread to many countries around the world. The pandemic and the various government responses to it (border closures, travel restrictions, containment measures, etc.) have had and will continue to have a significant impact, both direct and indirect, on economic activity and financial markets worldwide. In particular, severe economic downturns in many regions of the world and the reduction in global trade have had and may continue to have severe adverse effects on the global economic environment as global production, investment, supply chains and consumer spending are and will continue to be negatively impacted.

Faced with the negative economic and market repercussions of the pandemic, various governments and central banks have taken or have announced a train of measures aimed at bolstering the economy (in the form of loan guarantee systems, tax deferrals, extended unemployment coverage, etc.) or improving liquidity on the financial markets (increased asset purchases, credit lines, etc.). However, there is no guarantee that such measures will prove sufficient to offset the negative effects of the pandemic on the wider regional or global economy, to mitigate regional or global recessions (which are currently occurring or are generally expected) or to fully and durably stabilize financial markets. The economic environment may well deteriorate further before gradually improving.

Uncertainty as to the duration, magnitude and future trajectory of the pandemic, as well as to how fast lockdowns will be lifted and mobility constraints and other restrictions relaxed, makes it difficult to predict its impact on BNP Paribas Public Sector SCF.

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 2020

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	30/06/2020		30/06/2019	
	Income	Expenses	Income	Expenses
Banks	1 471 076	(1 095 152)	55 214	(869 837)
Demand accounts, loans and borrowings	1 471 076	(1 095 152)	55 214	(869 837)
Clients	1 641 587	-	2 652 885	-
Demand accounts, loans and term accounts	1 641 587		2 652 885	
Bonds and other fixed-income securities	2 798 754	(3 918 769)	2 901 536	(3 757 696)
Short-term investment securities	2 798 754	(3 918 769)	2 901 536	(3 757 696)
Debt securities	-	(378 541)	-	(1 761 273)
Real estate-backed bonds		(378 541)		(1 686 292)
Term subordinated debt				(74 981)
Interest income and expenses	5 911 417	-5 392 462	5 609 635	-6 388 806

2.b- COMMISSIONS

In euros	30/06/2020		30/06/2019	
	Income	Expenses	Income	Expenses
Banking and financial transactions	600 000	(97 563)	600 000	(287 653)
Securities trading <i>including investment commissions</i>	600 000	(97 563) (49 836)	600 000	(287 653) (161 076)
Commission income and expenses	600 000	(97 563)	600 000	(287 653)

2.c OPERATING GENERAL EXPENSES

In euros	30/06/2020	30/06/2019
Other administrative expenses	(105 112)	(306 313)
Remuneration of intermediaries	(286 052)	(236 604)
Taxes and duties	180 940	(69 709)
<i>Including reversal of provision C3S 2019</i>	192 978	
Operating expenses	(105 112)	(306 313)
<i>(S)ingle (R)esolution (F)und</i>	(238 354)	(244 707)
Various bank operating charges	(238 354)	(244 707)

2.d CORPORATE INCOME TAX

In euros	30/06/2020	30/06/2019
Current tax for the period	(48 819)	(5 522)
Deferred tax	190 939	(6 542 255)
Corporate income tax	142 120	(6 547 777)

3. NOTES ON THE BALANCE SHEET AT 30 June 2020

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	30/06/2020	31/12/2019
Central Banks and PO accounts	15	1 108
Central banks	15	1 108
Central banks	15	1 108

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2020	31/12/2019
Loans and receivables	49 107 059	1 097 627 871
Ordinary debit accounts	22 828 152	70 496 854
Term accounts and loans (1)	26 278 907	1 027 131 017
Loans and amounts due from banks	49 107 059	1 097 627 871
<i>Of which associated receivables</i>	<i>56 019</i>	<i>153 968</i>
(1)Interest rates on collateral being negative, the interest was attached to liabilities on 30 June 2020		

In euros	30/06/2020	31/12/2019
Debts and borrowings	730 489 936	1 060 126 926
Credit balances on ordinary accounts	442 692	
Term borrowings (2)	730 045 100	1 060 125 379
Interest on collateral cash paid in connection with SRF	2 144	1 547
Amounts due to banks	730 489 936	1 060 126 926
<i>(2)Interest rates on collateral being negative, the interest was attached to liabilities on 30 June 2020</i>	<i>11 813</i>	<i>126 926</i>

3.c TRANSACTIONS WITH CLIENTS

In euros	30/06/2020	31/12/2019
Loans and receivables	320 520 862	421 977 198
Other client lending	301 551 256	393 608 446
Bad debts	18 969 606	28 368 752
Transactions with clients – Assets	320 520 862	421 977 198
<i>Including associated receivables</i>	<i>1 094 148</i>	<i>1 582 606</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	30/06/2020	31/12/2019
Bonds and other fixed-income securities	387 411 339	576 767 413
Gross value	(8 751)	(143 267)
Reserve	3 944 386	5 545 422
Associated charges		
Bonds and other fixed-income securities	391 346 974	582 169 568

3.e - OTHER ASSETS AND LIABILITIES

In euros	30/06/2020	31/12/2019
Sundry other assets	448 253	528 903
<i>including Down Payment on company tax</i>	-	-
<i>including deferred Tax assets</i>	-	-
<i>including (S)ingle (R)esolution (F)und</i>	428 728	386 666
<i>including claims on the state</i>	19 525	142 237
Other assets	448 253	528 903
Sundry other liabilities		
<i>including deferred Tax liabilities</i>	2 579 187	2 770 127
<i>including profits taxes</i>	48 819	-
<i>Other taxes and levies</i>	2	-
Other liabilities	2 628 008	2 770 127

3.f ADJUSTMENT ACCOUNTS

In euros	30/06/2020	31/12/2019
Accrued income	1 055 410	33 113 263
Other debit adjustment accounts	1 257 892	2 045 354
<i>including Expenses attributable to more than one period</i>		171 002
<i>including Prepaid Charges</i>	1 257 892	1 874 353
Revaluation of derivative and foreign exchange instruments	835 585	
Adjustment accounts – assets	3 148 887	35 158 617
Accrued expenses	5 379 062	7 865 510
Other credit adjustment accounts	8 726 402	15 186 348
<i>including Prepaid Income</i>	8 726 402	15 186 348
Revaluation of derivative and foreign exchange instruments		3 360 853
Adjustment accounts – liabilities	14 105 464	26 412 711

3.g DEBT SECURITIES

In euros	30/06/2020	31/12/2019
Bond borrowings	1 000 000 000	
<i>associated liabilities</i>	31 746 575	
Debt securities		1 031 746 575

3.h SUBORDINATED DEBT

In euros	30/06/2020	31/12/2019
Repayable subordinated debt	-	-
<i>Associated liabilities</i>	-	-
Subordinated debt	-	-

4. ADDITIONAL INFORMATION

4.a POST-BALANCE SHEET EVENTS

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	31/12/2019	Increases in accounts	Decreases in accounts	30/06/2020
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	2 322 536			2 322 536
- Reserves required by the bylaws and contractual agreements	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	11 613	(9 967 224)	(9 955 611)	
Profit for the period	(9 967 224)	941 718	9 967 224	941 718
Shareholders' equity	16 406 925	941 718	-	17 348 643

4.d NOTIONAL ON FINANCIAL INSTRUMENTS

The total of derivative financial instrument notional 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	30/06/2020	31/12/2019
Exchange rate derivatives	166 554 058	234 155 906
Interest rate derivatives	493 673 869	2 697 197 643
OTC financial forward instruments	660 227 927	2 931 353 549
The net valuation of the swaps is:	-12 868 912 €	15 812 240 €
The capital gain on swaps on the clientele assets and on the securities is:	-12 868 912 €	-21 275 406 €
The capital gain on swaps on the issues is:		37 087 646 €

4.e - INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	30/06/2020	31/12/2019
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	428 728	386 666
Guarantee commitments received	428 728	386 666

In euros	30/06/2020	31/12/2019
Clients		
BPIFRANCE ASSURANC- ex Coface	72 751 744	97 291 666
Euler Hermes KreditVersi	140 631 848	194 825 035
Export CT guarantee dept	11 032 032	17 511 547
Export import BK OF US	5 422 497	15 139 902
EKF DENMARK	-	-
Guarantee commitments received	229 838 121	324 768 150

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		
APPLICATIONS							
Central Bank	0						0
Loans and advances to banks	22 828	24 000	1 482	741	0	49 051	
demand receivables	22 828						22 828
term receivables		24 000	1 482	741			26 223
Transactions with clients	43 172	106 242	157 895	12 118		319 427	
Bonds and other fixed-income securities	100 142	241 110	46 151			387 403	
SOURCES							
Amounts due to banks	443			730 035		730 478	
Debt securities							-
Subordinated debt							-

Company earnings for the last five financial years

In euros	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Financial position at the end of the year				
Share capital	24 040 000	24 040 000	24 040 000	24 040 000
Number of shares issued	2 404 000	2 404 000	2 404 000	2 404 000
Number of convertible bonds	None	None	None	None
Actual operating earnings				
Net banking income	6 306 228	6 240 732	6 287 353	588 556
Earnings before taxes, depreciation and amortisation	5 216 224	5 283 185	5 440 001	(285 323)
Corporate income tax	(1 914 275)	(1 902 164)	(4 319 266)	(9 542 803)
Earnings after taxes, depreciation and amortisation	3 350 029	3 381 021	1 116 566	(9 967 224)
Distributed earnings	2 259 760	3 221 360	1 057 760	
Earnings per share				
Earnings after taxes, but before depreciation and amortisation	1,37	1,41	0,47	(4,09)
Earnings after taxes, depreciation and amortisation	1,39	1,41	0,46	(4,15)
Dividend paid per share	0,94	1,34	0,44	-
Personnel				
Number of employees	None	None	None	None
Payroll costs	None	None	None	None
Total fringe benefits paid (social security, welfare initiatives, etc.)	None	None	None	None

BNP Paribas Public Sector SCF

French joint-stock company (*société anonyme*)

1, boulevard Haussmann
75009 Paris

Statutory Auditors' review report on the half-year financial information

For the six months ended 30 June 2020

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified joint-stock company
(*société par actions simplifiée*)
with capital of €2,510,460
RCS Nanterre 672 006 483

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

Statutory Auditors' review report on the half-year financial information

For the six months ended 30 June 2020

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.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General 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 half-year financial statements of BNP Paribas Public Sector SCF, for the six months ended 30 June 2020;
- the verification of the information contained in the half-year management report.

These half-year financial statements were prepared under the responsibility of the Board of Directors on 16 September 2020 based on information available at that date and in the evolving context of the Covid-19 crisis and the difficulties in assessing its impacts and the future prospects of the Company. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-year 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 half-year 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 2020, and of the results of its operations for the six-month period then ended, in accordance with French accounting principles.

Specific verification

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

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

Neuilly-sur-Seine and Paris-La Défense, 22 September 2020

The Statutory Auditors

PricewaterhouseCoopers Audit Deloitte & Associés

Ridha Ben Chamek

Laurence Dubois