

**FINANCIAL STATEMENTS OF**

---

**BNP PARIBAS PUBLIC SECTOR SCF**

**Dated 30 June 2017**

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## CORPORATE FINANCIAL STATEMENTS

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## INCOME STATEMENT AT 30 JUNE 2017

In euros	Notes	30/06/2017	30/06/2016
Interest and similar income	2.a	8 283 702	7 366 455
Interest and similar expenses	2.a	(3 984 022)	(4 178 692)
Revenues from variable-income securities			-
Commissions (income)	2.b	600 000	600 000
Commissions (expenses)	2.b	(403 225)	(643 434)
Gains or losses on foreign exchange and arbitrage transactions		460 663	55 643
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	1
Other expenses on banking operations		(1 751)	(116)
<b>NET BANKING INCOME</b>		<b>4 955 367</b>	<b>3 199 857</b>
Labour costs		-	-
Other administrative expenses	2.c	(707 334)	(749 156)
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			48 080
<b>GROSS OPERATING PROFIT</b>		<b>4 248 033</b>	<b>2 498 781</b>
Cost of risk			
<b>OPERATING PROFIT</b>		<b>4 248 033</b>	<b>2 498 781</b>
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>4 248 033</b>	<b>2 498 781</b>
Net exceptional income/expense (1)			
Corporate income tax	2.d	(1 549 839)	(956 026)
<b>NET PROFIT</b>		<b>2 698 194</b>	<b>1 542 755</b>

## BALANCE SHEET AT 30 JUNE 2017

In euros	Notes	30/06/2017	31/12/2016
<b>ASSETS</b>			
Cash, Central Banks, PO accounts	3.a	2 577	886
Treasury bills and similar securities			
Loans and advances to banks	3.b	287 370 166	271 893 853
Transactions with clients	3.c	1 700 776 912	2 145 125 185
Bad debts	3.c	15 703 744	18 874 655
Bonds and other fixed-income securities	3.d	298 206 618	299 809 824
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	5 651 029	505 588
Adjustment accounts	3.f	21 973 738	42 808 362
<b>TOTAL ASSETS</b>		<b>2 329 684 784</b>	<b>2 779 018 353</b>
<b>LIABILITIES</b>			
<b>DEBTS</b>			
Central Banks, PO accounts			
Amounts due to banks	3.b	1 030 227 917	1 290 077 562
Transactions with clients	3.b		
Debt securities	3.g	1 012 842 466	1 031 762 295
Other liabilities	3.e	46	30 147
Adjustment accounts	3.f	192 596 275	363 571 930
Provisions for contingencies and charges			
Subordinated debt	3.h	65 164 204	65 160 976
<b>TOTAL DEBTS</b>		<b>2 300 830 908</b>	<b>2 750 602 910</b>
<b>SHAREHOLDERS' EQUITY</b>			
	4.b		
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		2 097 657	1 930 156
Retained earnings		18 025	(904 742)
Profit for the period		2 698 194	3 350 029
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>28 853 876</b>	<b>28 415 443</b>
<b>TOTAL LIABILITIES</b>		<b>2 329 684 784</b>	<b>2 779 018 353</b>
<b>OFF-BALANCE-SHEET ITEMS</b>			
<b>COMMITMENTS GIVEN</b>			
Finance commitments			
Guarantee commitments	4.d	291 810	217 879
Commitments on securities		-	-
<b>COMMITMENTS RECEIVED</b>			
Finance commitments			
Guarantee commitments	4.d	1 537 666 974	1 926 169 343
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 2017 and the related notes to the Financial Statements provide comparative information for 30 June 2016.*

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

*The main methods applied are as follows:*

## **Loans and advances to banks and clients**

Loans and advances to banks cover all 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 2017

### 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

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

In euros	30/06/2017		30/06/2016	
	Income	Expenses	Income	Expenses
<b>Banks</b>	<b>964 665</b>	<b>(263 557)</b>	<b>580 050</b>	<b>(38 879)</b>
Demand accounts, loans and borrowings	964 665	(263 557)	580 050	(38 879)
<b>Clients</b>	<b>6 097 761</b>	<b>-</b>	<b>6 777 530</b>	<b>-</b>
Demand accounts, loans and term accounts	6 097 761		6 777 530	
<b>Bonds and other fixed-income securities</b>	<b>1 221 276</b>	<b>(1 587 316)</b>	<b>8 874</b>	<b>(255 708)</b>
Short-term investment securities	1 221 276	(1 587 316)	8 874	(255 708)
<b>Debt securities</b>	<b>-</b>	<b>(2 133 149)</b>	<b>-</b>	<b>(3 884 105)</b>
Real estate-backed bonds		(1 667 709)		(3 367 098)
Term subordinated debt		(465 440)		(517 006)
<b>Interest income and expenses</b>	<b>8 283 702</b>	<b>(3 984 022)</b>	<b>7 366 455</b>	<b>(4 178 692)</b>

### 2.b COMMISSIONS

In euros	30/06/2017		30/06/2016	
	Income	Expenses	Income	Expenses
<b>Banking and financial transactions</b>	<b>600 000</b>	<b>(403 225)</b>	<b>600 000</b>	<b>(643 434)</b>
Securities trading <i>including investments commissions</i>	600 000	(403 225) (161 076)	600 000	(643 434) (360 242)
<b>Commission income and expenses</b>	<b>600 000</b>	<b>(403 225)</b>	<b>600 000</b>	<b>(643 434)</b>

## 2.c OPERATING GENERAL EXPENSES

In euros	30/06/2017	30/06/2016
<b>Other administrative expenses</b>	(707 334)	(749 156)
Remuneration of intermediaries	(222 773)	(239 320)
Taxes and duties	(65 620)	(67 369)
<i>(S) ingie (R) esolution (F) und</i>	(418 941)	(442 467)
<b>Operating expenses</b>	<b>(707 334)</b>	<b>(749 156)</b>

## 2.d CORPORATE INCOME TAX

In euros	30/06/2017	30/06/2016
<b>Current tax for the period</b>	(8 096 620)	(1 134 683)
<b>Deferred tax</b>	6 546 781	178 658
<b>Corporate income tax</b>	<b>(1 549 839)</b>	<b>(956 025)</b>

## 3. NOTES ON THE BALANCE SHEET AT 30 JUNE 2017

### 3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	30/06/2017	31/12/2016
<b>Central Banks and PO accounts</b>	<b>2 577</b>	<b>886</b>
Central Banks	2 577	886
<b>Central Banks</b>	<b>2 577</b>	<b>886</b>

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

In euros	30/06/2017	31/12/2016
<b>Loans and receivables</b>	<b>287 370 166</b>	<b>271 893 853</b>
Ordinary debit accounts	131 419 829	172 125 973
Term accounts and loans	155 950 337	99 767 880
<b>Loans and amounts due from banks</b>	<b>287 370 166</b>	<b>271 893 853</b>
<i>Of which associated receivables</i>	<i>1 194 509</i>	<i>162 184</i>

In euros	30/06/2017	31/12/2016
<b>Debts and borrowings</b>	<b>1 030 227 917</b>	<b>1 290 077 562</b>
Credit balances on ordinary accounts		
Term borrowings	1 030 227 917	1 290 077 562
<b>Amounts due to banks</b>	<b>1 030 227 917</b>	<b>1 290 077 562</b>
<i>Of which associated liabilities (1)</i>	<i>9 836</i>	

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

### 3.c TRANSACTIONS WITH CLIENTS

In euros	30/06/2017	31/12/2016
<b>Loans and receivables</b>	<b>1 716 480 656</b>	<b>2 163 999 840</b>
Other client lending	1 700 776 912	2 145 125 185
Bad debts	15 703 744	18 874 655
<b>Transactions with clients – Assets</b>	<b>1 716 480 656</b>	<b>2 163 999 840</b>
<i>including associated receivables</i>	<i>7 669 067</i>	<i>10 149 422</i>

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

In euros	30/06/2017	31/12/2016
<b>Bonds and other fixed-income securities</b>		
Gross value	295 481 944	297 069 260
Reserve		
Associated charges	2 724 674	2 740 564
<b>Bonds and other fixed-income securities</b>	<b>298 206 618</b>	<b>299 809 824</b>

### 3.e OTHER ASSETS AND LIABILITIES

In euros	30/06/2017	31/12/2016
<b>Sundry other assets</b>	5 651 029	505 588
<i>including down payment on company tax</i>	(5 504 262)	(4 062 388)
<i>including deferred tax assets</i>	10 816 245	4 269 464
<i>including (S)ingle (R)esolution (F)und</i>	291 810	217 879
<i>including claims on the state</i>	47 235	80 633
<b>Other assets</b>	<b>5 651 029</b>	<b>505 588</b>
<b>Sundry other liabilities</b>	46	30 147
<i>including deferred tax liabilities</i>	-	-
<i>including profits taxes</i>	-	-
<i>Other taxes and levies</i>	46	30 147
<b>Other liabilities</b>	<b>46</b>	<b>30 147</b>

### 3.f ADJUSTMENT ACCOUNTS

In euros	30/06/2017	31/12/2016
<b>Accrued income</b>	13 770 960	33 339 121
<b>Other debit adjustment accounts</b>	8 202 778	9 469 241
<i>including Expenses attributable to more than one period</i>	2 967 554	3 526 865
<i>including Prepaid Charges</i>	5 235 224	5 942 376
<b>Revaluation of derivative and foreign exchange instruments</b>		
<b>Adjustment accounts – assets</b>	<b>21 973 738</b>	<b>42 808 362</b>
<b>Accrued expenses</b>	17 725 047	21 701 397
<b>Other credit adjustment accounts</b>	47 997 330	92 716 570 (1)
<i>including prepaid income</i>	47 997 330	55 408 713
<b>Revaluation of derivative and foreign exchange instruments</b>	126 873 898	249 153 963 (1)
<b>Adjustment accounts – liabilities</b>	<b>192 596 275</b>	<b>363 571 930</b>

(1) including 37 307 857 euros corresponding to correction the nominal of a swap, the counterpart of which is a revaluation for the derivative and foreign exchange instruments

### 3.g DEBT SECURITIES

In euros	30/06/2017	31/12/2016
<b>Bond borrowings</b>	1 000 000 000	1 000 000 000
<i>associated liabilities</i>	12 842 466	31 762 295
<b>Debt securities</b>	<b>1 012 842 466</b>	<b>1 031 762 295</b>

### 3.h SUBORDINATED DEBT

In euros	30/06/2017	31/12/2016
<b>Repayable subordinated debt</b>	65 000 000	65 000 000
<i>Associated liabilities</i>	164 204	160 976
<b>Subordinated debt</b>	<b>65 164 204</b>	<b>65 160 976</b>

## 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	31/12/2016	Increases in accounts	Decreases in accounts	30/06/2017
<b>Capital</b>	<b>24 040 000</b>			<b>24 040 000</b>
Premium on shares				
- Legal reserve (1)	1 930 156	167 501		2 097 657
- Reserves required by the bylaws and contractual	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	(904 742)	922 767		18 025
Profit for the period	3 350 029	2 698 194	(3 350 029)	2 698 194
<b>Shareholders' equity</b>	<b>28 415 443</b>	<b>3 788 463</b>	<b>(3 350 029)</b>	<b>28 853 877</b>

#### 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	30/06/2017	31/12/2016
Exchange rate derivatives	990 188 750	1 191 718 778
Interest-rate derivatives	2 780 601 559	2 873 666 330
<b>OTC financial forward instruments</b>	<b>3 770 790 309</b>	<b>4 065 385 108</b>
The net valuation of the sw aps is	7 090 140 €	9 283 955 €
The capital gain on sw aps on the clientele assets and on the securities is:	-91 690 372 €	-128 664 690 €
The capital gain on sw aps on the issues is:	98 780 511 €	137 948 646 €

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

In euros	30/06/2017	31/12/2016
<b>Other order guarantees on behalf of the clientele</b>		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	291 810	217 879
<b>Guarantee commitments received</b>	<b>291 810</b>	<b>217 879</b>

In euros	30/06/2017	31/12/2016
<b>Clients</b>		
BPIFRANCE ASSURANC- ex Coface	503 108 500	646 204 824
Euler Hermes KreditVersi	585 174 297	703 286 307
Export CT guarantee dept	302 674 819	361 278 495
Export import BK OF US	144 637 253	212 435 411
EKF DENMARK	2 072 105	2 964 307
<b>Guarantee commitments received</b>	<b>1 537 666 974</b>	<b>1 926 169 343</b>

#### 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	
<b>APPLICATIONS</b>						
Central Bank	<b>2 577</b>					<b>2 577</b>
Loans and advances to banks	<b>131 420</b>	<b>119 907</b>	<b>9 983</b>	<b>24 865</b>	<b>0</b>	<b>286 176</b>
Demand receivables	131 420					<b>131 420</b>
Term receivables		119 907	9 983	24 865	0	<b>154 756</b>
Transactions with clients		95 517	360 756	1 157 202	95 337	<b>1 708 812</b>
Bonds and other fixed-income securities				247 791	47 691	<b>295 482</b>
<b>SOURCES</b>						
Amounts due to banks		27 795		1 002 423		<b>1 030 218</b>
Debt securities				1 000 000		<b>1 000 000</b>
Subordinated debt				65 000		<b>65 000</b>

## Company earnings for the last five financial years

In euros	31/12/2013	31/12/2014	31/12/2015	31/12/2016	30/06/2017
<b>Financial position at the end of the year</b>					
Share capital	24 040 000	24 040 000	24 040 000	36 040 000	24 040 000
Number of shares issued	2 404 000	2 404 000	2 404 000	3 604 000	2 404 000
Number of convertible bonds	None	None	None	None	None
<b>Actual operating earnings</b>					
Net banking income	7 649 749	5 581 464	4 382 684	6 306 228	4 955 367
Earnings before taxes, depreciation and amortisation	6 882 934	5 001 397	(15 272 112)	5 216 224	4 248 033
Corporate income tax	(1 593 727)	(1 539 165)	5 080 183	(1 914 275)	(1 549 839)
Earnings after taxes, depreciation and amortisation	5 393 446	3 345 564	(9 991 016)	3 350 029	2 698 194
Distributed earnings	5 120 520			2 259 760	
<b>Earnings per share</b>					
Earnings after taxes, but before depreciation and amortisation	2.20	1.44	(2.83)	1.37	1.12
Earnings after taxes, depreciation and amortisation	2.24	1.39	(2.77)	1.39	1.12
Dividend paid per share	2.13		-	0.94	-
<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

**BNP PARIBAS PUBLIC SECTOR SCF**

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**STATUTORY AUDITORS' REVIEW REPORT ON THE 2017  
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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 2017 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 2017, for the six months ended 30, June 2017;
- 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 2017, 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 2017 INTERIM FINANCIAL INFORMATION**

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

Neuilly-sur-Seine, 18 September 2017

*French original signed by*  
The Statutory Auditors

PricewaterhouseCoopers Audit

DELOITTE ET ASSOCIES

Laurent Tavernier

Sylvie Bourguignon