

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 31 DECEMBER 2018

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CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT 31 DECEMBER 2018

In euros	Notes	31/12/2018	31/12/2017
Interest and similar income	2.a	15 537 180	13 117 497
Interest and similar expenses	2.a	(9 589 275)	(8 014 524)
Revenues from variable-income securities			
Commissions (income)	2.b	1 200 000	1 200 000
Commissions (expenses)	2.b	(538 284)	(746 320)
Gains or losses on foreign exchange and arbitrage transactions		(321 476)	686 642
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(791)	(2 563)
NET BANKING INCOME		6 287 354	6 240 732
Labour costs		-	-
Other administrative expenses	2.c	(554 543)	(538 606)
Various bank operating charges	2.c	(292 810)	(418 941)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		(4 169)	-
Decrease in the depreciation of securities portfolio and various operations			
GROSS OPERATING PROFIT		5 435 832	5 283 185
Cost of risk			
OPERATING PROFIT		5 435 832	5 283 185
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		5 435 832	5 283 185
Net exceptional income/expense (1)			
Corporate income tax	2.d	(4 319 266)	(1 902 164)
NET PROFIT		1 116 566	3 381 021

BALANCE SHEET at 31 December 2018

In euros	Notes	31/12/2018	31/12/2017
ASSETS			
Cash, Central Banks, PO accounts	3.a	3 298	1 485
Treasury bills and similar securities			
Loans and advances to banks	3.b	160 913 610	211 468 436
Transactions with clients	3.c	817 644 000	1 410 629 671
Bad debts	3.c	30 829 794	12 540 953
Bonds and other fixed-income securities	3.d	460 146 811	296 608 224
Equities and other variable-income securities			
Equity investments and other long-term securities		-	-
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.e	15 834 881	7 916 383
Adjustment accounts	3.f	37 536 322	40 075 409
TOTAL ASSETS		1 522 908 716	1 979 240 561
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	334 329 471	734 218 397
Transactions with clients	3.b		
Debt securities	3.g	1 031 746 575	1 031 746 575
Other liabilities	3.e	2 425	
Adjustment accounts	3.f	64 235 446	118 577 475
Provisions for contingencies and charges			
Subordinated debt	3.h	65 162 890	65 161 411
TOTAL DEBTS		1 495 476 807	1 949 703 858
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		2 266 708	2 097 657
Retained earnings		8 635	18 025
Profit for the period		1 116 566	3 381 021
TOTAL SHAREHOLDERS' EQUITY		27 431 909	29 536 703
TOTAL LIABILITIES		1 522 908 716	1 979 240 561
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	343 482	291 810
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	718 796 117	1 253 724 013
Commitments on securities			

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

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

The income statement dated 31 December 2018 and the related notes to the Financial Statements provide comparative information for 31 December 2017.

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

The main methods applied are as follows:

Loans and advances to banks and clients

Loans and advances to banks cover all receivables held under banking operations with banks. They are broken down between demand and term receivables.

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

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

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

Short-term investment securities

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

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

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

Debt securities

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

Interest accrued on these securities is recorded in an associated liabilities account as the counter-entry to the income statement entry. Premiums on shares or redemption of bond borrowings are amortised on an actuarial basis over the term of the borrowing.

Amounts due to banks

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

Forward financial instruments

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

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

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

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

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

Corporate income tax

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

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

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

Recognition of income and charges

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

Commissions not similar in nature to interest and corresponding to the provision of services are recognised as of the date on which the services are provided.

Foreign currency transactions

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are valued at the spot exchange rate as of the balance sheet date.

The conversion of these transactions denominated in foreign currencies as of the balance sheet date gives rise to a difference recognised through profit or loss, except for financial instruments recorded as off-balance sheet items, for which the difference is held in an adjustment account.

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

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

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

Information concerning transactions between affiliated parties

In the light of the company's business and of its capital link (subsidiary 99.99% held by BNP Paribas SA), the obligations under ANC No. 2014-07 concerning presentation of the information about affiliated parties are inapplicable.

Tax consolidation rules

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

With respect to corporation tax, pursuant to the terms of the tax consolidation agreement, the tax is determined by the subsidiary as if there were no tax consolidation.

The amount calculated in this way, after deduction of the tax credits, if any, is due to the parent company, BNP PARIBAS SA.

Consolidation

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

2. NOTES ON THE INCOME STATEMENT AT 31 DECEMBER 2018

2.a INTEREST MARGIN

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

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

In euros	31/12/2018		31/12/2017	
	Income	Expenses	Income	Expenses
Banks	585 640	(1 340 963)	1 695 355	(518 143)
Demand accounts, loans and borrowings	585 640	(1 340 963)	1 695 355	(518 143)
Clients	11 913 552	-	8 957 993	-
Demand accounts, loans and term accounts	11 913 552		8 957 993	
Bonds and other fixed-income securities	3 037 988	(3 934 340)	2 464 149	(3 201 361)
Short-term investment securities	3 037 988	(3 934 340)	2 464 149	(3 201 361)
Debt securities	-	(4 313 972)	-	(4 295 020)
Real estate-backed bonds		(3 374 524)		(3 357 720)
Term subordinated debt		(939 448)		(937 300)
Interest income and expenses	15 537 180	(9 589 275)	13 117 497	(8 014 524)

2.b COMMISSIONS

In euros	31/12/2018		31/12/2017	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 200 000	(538 824)	1 200 000	(746 320)
Securities trading <i>including investment commissions</i>	1 200 000	(538 824) (324 822)	1 200 000	(746 320) (324 822)
Commission income and expenses	1 200 000	(538 824)	1 200 000	(746 320)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2018	31/12/2017
Other administrative expenses	(554 543)	(538 606)
Remuneration of intermediaries	(430 828)	(421 392)
Taxes and duties	(123 715)	(117 214)
<i>(S) in gle (R) esolution (F) und</i>		
Operating expenses	(554 543)	(538 606)
<i>(S) in gle (R) esolution (F) und (1)</i>	(292 810)	(418 941)
Various bank operating charges	(292 810)	(418 941)
(1) Reclassification of the contribution to the SRF under various bank operating charges		

2.d CORPORATE INCOME TAX

In euros	31/12/2018	31/12/2017
Current tax for the period	(24 254)	(8 692 058)
Deferred tax	(4 295 012)	6 789 894
Corporate income tax	(4 319 266)	(1 902 164)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2018

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2018	31/12/2017
Central Banks and PO accounts	3 298	1 485
Central Banks	3 298	1 485
Central Banks	3 298	1 485

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2018	31/12/2017
Loans and receivables	160 913 610	211 468 436
Ordinary debit accounts	66 968 716	96 906 434
Term accounts and loans	93 944 894	114 562 002
Loans and amounts due from banks	160 913 610	211 468 436
<i>Of which associated receivables</i>	<i>49 255</i>	<i>1 034 894</i>

In euros	31/12/2018	31/12/2017
Debts and borrowings	334 329 471	734 218 397
Credit balances on ordinary accounts		
Term borrowings (1)	334 328 097	734 217 230
Interest on collateral cash paid in connection with SRF	1 374	1 167
Amounts due to banks	334 329 471	734 218 397
<i>Of which associated liabilities (1)</i>	<i>14 858</i>	<i>28</i>

(1) Interest rates on collateral being negative, the interest was attached to liabilities on 31 December 2018

3.c TRANSACTIONS WITH CLIENTS

In euros	31/12/2018	31/12/2017
Loans and receivables	848 473 794	1 423 170 624
Other client lending	817 644 000	1 410 629 671
Bad debts	30 829 794	12 540 953
Transactions with clients – Assets	848 473 794	1 423 170 624
<i>including associated receivables</i>	<i>3 620 918</i>	<i>5 911 513</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2018	31/12/2017
Bonds and other fixed-income securities		
Gross value	455 494 559	293 867 899
Reserve	(4 169)	
Associated charges	4 656 421	2 740 325
Bonds and other fixed-income securities	460 146 811	296 608 224

3.e OTHER ASSETS AND LIABILITIES

In euros	31/12/2018	31/12/2017
Sundry other assets	15 834 881	7 916 383
<i>including down payment on company tax</i>	8 664 512	(3 517 069)
<i>including deferred tax assets</i>	6 764 347	11 059 359
<i>including (S)ingle (R)esolution (F)und</i>	343 482	291 810
<i>including claims on the state</i>	62 540	82 283
Other assets	15 834 881	7 916 383
Sundry other liabilities		-
<i>including deferred tax liabilities</i>	-	-
including profits taxes		-
Other taxes and levies	2 425	-
Other liabilities	2 425	-

3.f ADJUSTMENT ACCOUNTS

In euros	31/12/2018	31/12/2017
Accrued income	33 239 222	33 256 042
Other debit adjustment accounts	4 297 100	6 819 367
<i>including Expenses attributable to more than one period</i>	<i>1 289 622</i>	<i>2 408 244</i>
<i>including Prepaid Charges</i>	<i>3 007 478</i>	<i>4 411 124</i>
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	37 536 322	40 075 409
Accrued expenses	12 613 844	15 320 897
Other credit adjustment accounts	29 647 205	40 619 017
<i>including prepaid income</i>	<i>29 647 205</i>	<i>40 619 017</i>
Revaluation of derivative and foreign exchange instruments	21 974 397	62 637 561
Adjustment accounts – liabilities	64 235 446	118 577 475

3.g DEBT SECURITIES

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

3.h SUBORDINATED DEBT

In euros	31/12/2018	31/12/2017
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	<i>162 890</i>	<i>161 411</i>
Subordinated debt	65 162 890	65 161 411

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	Number of shares				Nominal value
	at the beginning of the accounting period	created during the accounting period	redeemed during the accounting period	at the end of the accounting period	
Ordinary shares	2 404 000			2 404 000	10 euros
Redeemed shares					
Preferred shares without voting rights					
Preferred shares					
Partnership shares					
Investment certificates					

4.b CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2017	Increases in accounts	Decreases in accounts	31/12/2018
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	2 097 657	169 051		2 266 708
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	18 025		(9 390)	8 635
Profit for the period	3 381 021	1 116 566	(3 381 021)	1 116 566
Shareholders' equity	29 536 703	1 285 617	(3 390 411)	27 431 909

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	31/12/2018	31/12/2017
Exchange rate derivatives	481 836 493	845 113 397
Interest-rate derivatives	2 724 996 028	2 711 707 025
OTC financial forward instruments	3 206 832 521	3 556 820 422
The net valuation of the swaps is:	29 602 392 €	27 699 026 €
The capital gain on swaps on the clientele assets and on the securities is:	-41 328 439 €	-74 776 044 €
The capital gain on swaps on the issues is:	70 930 831 €	102 475 070 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

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

In euros	31/12/2018	31/12/2017
Clients		
BPIFRANCE ASSURANC- ex Coface	231 606 434	379 286 822
Euler Hermes KreditVersi	354 663 799	494 048 986
Export CT guarantee dept	40 725 128	254 740 079
Export import BK OF US	89 729 494	123 676 186
EKF DENMARK	2 071 263	1 971 940
Guarantee commitments received	718 796 118	1 253 724 013

4.e AGING OF APPLICATIONS AND SOURCES OF FUNDS

In thousands of euros	Transactions		Remaining term			Total
	On demand	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	
APPLICATIONS						
Central Bank	3					3
Loans and advances to banks	66 969	89 409	1 495	2 991	0	160 864
Demand receivables	66 969					66 969
Term receivables		89 409	1 495	2 991	0	93 895
Transactions with clients		60 733	251 391	499 541	33 188	844 853
Bonds and other fixed-income securities				65 567	389 924	455 491
SOURCES						
Amounts due to banks			334 309			334 309
Debt securities				1 000 000		1 000 000
Subordinated debt		65 000				65 000

Company earnings for the last five financial years

In euros	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Financial position at the end of the year					
Share capital	24 040 000	36 040 000	24 040 000	24 040 000	24 040 000
Number of shares issued	2 404 000	3 604 000	2 404 000	2 404 000	2 404 000
Number of convertible bonds	Néant	Néant	Néant	Néant	Néant
Actual operating earnings					
Net banking income	5 581 464	4 382 684	6 306 228	6 240 732	6 287 353
Earnings before taxes, depreciation and amortisation	5 001 397	(15 272 112)	5 216 224	5 283 185	5 440 001
Corporate income tax	(1 539 165)	5 080 183	(1 914 275)	(1 902 164)	(4 319 266)
Earnings after taxes, depreciation and amortisation	3 345 564	(9 991 016)	3 350 029	3 381 021	1 116 566
Distributed earnings			2 259 760	3 221 360	1 057 760 *
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	1,44	(2,83)	1,37	1,41	0,47
Earnings after taxes, depreciation and amortisation	1,39	(2,77)	1,39	1,41	0,46
Dividend paid per share	-	-	0,94	1,34	0,44
Personnel					
Number of employees	None	None	None	None	None
Payroll costs	None	None	None	None	None
Total fringe benefits paid (social security, welfare initiatives, etc.)	None	None	None	None	None

* Subject to the General Shareholders' Meeting of 15 April 2019

BNP PARIBAS PUBLIC SECTOR SCF

Société anonyme

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Statutory Auditors' report on the financial statements

For the year ended **31 December 2018**

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.

BNP PARIBAS PUBLIC SECTOR SCF

Société anonyme

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Statutory Auditors' report on the financial statements

For the year ended **31 December 2018**

To the annual general meeting of *BNP Paribas Public Sector SCF*

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 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of BNP Paribas Public Sector SCF, as at 31 December 2018 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, performing the duties of the special committee referred to 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.

BNP PARIBAS PUBLIC SECTOR SCF

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, 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 communicate in our report.

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 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 following item.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to 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.

BNP PARIBAS PUBLIC SECTOR SCF

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and 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 your Company from companies controlling it or controlled by it. Based on this work, we have the following comment to make on the accuracy and fairness of this information: as indicated in the report on corporate governance, this information does not include wages and benefits paid by BNP Paribas SA to the corporate officers in question for their duties as employees of BNP Paribas SA if they do not also hold a corporate officer position within BNP Paribas SA.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

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

As at 31 December 2018, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 11th and 7th consecutive year of their engagement, respectively, and the 2nd year since the Company became a public interest entity, as defined by European regulations.

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.

BNP PARIBAS PUBLIC SECTOR SCF

The Board of Directors, performing the duties of the special committee referred to 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 the 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 judgment 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;

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- 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, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code

We submit a report to the Board of Directors, performing the duties of the special committee referred to 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, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code, includes the risks of material misstatement that, in our professional judgment, were the most significant in 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, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code, with the declaration provided for in Article 6 of Regulation (EU) N° 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, performing the duties of the special committee referred to in Article L. 823-19 of the French Commercial Code.

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Neuilly-sur-Seine and Paris - La Défense, 29 March 2019

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Ridha Ben Chamek

Deloitte & Associés

Laurence Dubois