

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SA

Dated 31 December 2020

INCOME STATEMENT AT 31 December 2020

In euros	Notes	31/12/2020	31/12/2019
Interest and similar income	2.a	10 759 121	14 503 159
Interest and similar expenses	2.a	(7 138 187)	(14 453 326)
Revenues from variable-income securities			
Commissions (income)	2.b	1 200 000	1 200 000
Commissions (expenses)	2.b	(82 486)	(540 850)
Gains or losses on foreign exchange and arbitrage transactions		293 078	(119 992)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	-
Other expenses on banking operations		(494)	(435)
NET BANKING INCOME		5 031 032	588 556
Labour costs		-	-
Other administrative expenses	2.c	(331 818)	(629 172)
Various bank operating charges	2.c	(238 354)	(244 707)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	(139 098)
Decrease in the depreciation of securities portfolio and various operations		143 267	-
GROSS OPERATING PROFIT		4 604 127	(424 421)
Cost of risk			
OPERATING PROFIT		4 604 127	(424 421)
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		4 604 127	(424 421)
Net exceptional income/expense (1)			
Corporate income tax	2.d	(870 599)	(9 542 803)
NET PROFIT		3 733 528	(9 967 224)

BALANCE SHEET at 31 December 2020

In euros	Notes	31/12/2020	31/12/2019
ASSETS			
Cash, Central Banks, PO accounts	3.a	3 922	1 108
Treasury bills and similar securities			
Loans and advances to banks	3.b	50 545 541	1 097 627 871
Transactions with clients	3.c	248 202 662	393 608 446
Bad debts	3.c	13 253 165	28 368 752
Bonds and other fixed-income securities	3.d	132 615 530	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	454 807	528 903
Adjustment accounts	3.f	5 348 163	35 158 617
TOTAL ASSETS		450 423 790	2 137 463 265
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	419 113 829	1 060 126 926
Transactions with clients	3.b		
Debt securities	3.g	-	1 031 746 575
Other liabilities	3.e	3 640 726	2 770 127
Adjustment accounts	3.f	7 528 782	26 412 711
Provisions for contingencies and charges			
Subordinated debt	3.h	-	-
TOTAL DEBTS		430 283 337	2 121 056 339
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		2 322 537	2 322 537
Retained earnings		(9 955 612)	11 613
Profit for the period		3 733 528	(9 967 224)
TOTAL SHAREHOLDERS' EQUITY		20 140 453	16 406 926
TOTAL LIABILITIES		450 423 790	2 137 463 265
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	428 728	386 666
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	179 126 292	324 768 150
Commitments on securities			

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

The COVID-19 outbreak, recognized as a pandemic by the World Health Organization on 11 March 2020, and the various measures implemented by governments and regulatory bodies to curb its spread have affected supply chains and the demand for goods and services, and are therefore having a significant impact on global growth. Concurrently, fiscal and monetary policies have been eased to bolster the economy.

The financial statements of BNP Paribas Public Sector SCF have been prepared on a going-concern basis. The impacts of this epidemic, mitigated by countercyclical measures such as government support measures and economic stimulus plans from which our clients benefit, mainly concern the provisioning policies and valuation of assets. Those impacts have been estimated against a backdrop of uncertainty regarding the extent of the consequences of this epidemic on local and global economies.

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 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.

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.

Income and expenses relating to forward financial instruments used to hedge and manage overall interest rate risk are recognized in the income statement on a pro rata basis.

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 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	31/12/2020		31/12/2019	
	Income	Expenses	Income	Expenses
Banks	2 369 629	(1 315 447)	1 374 967	(2 149 562)
Demand accounts, loans and borrowings	2 369 629	(1 315 447)	1 374 967	(2 149 562)
Clients	4 740 687	-	6 266 033	-
Demand accounts, loans and term accounts	4 740 687		6 266 033	
Bonds and other fixed-income securities	3 648 805	(5 394 364)	6 862 159	(9 131 146)
Short-term investment securities	3 648 805	(5 394 364)	6 862 159	(9 131 146)
Debt securities	-	(428 376)	-	(3 172 618)
Real estate-backed bonds		(428 376)		(3 097 637)
Term subordinated debt				(74 981)
Interest income and expenses	10 759 121	(7 138 187)	14 503 159	(14 453 326)

2.b COMMISSIONS

In euros	31/12/2020		31/12/2019	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 200 000	(82 486)	1 200 000	(540 850)
Securities trading <i>including investment commissions</i>	1 200 000	(82 486)	1 200 000	(540 850)
				(324 822)
Commission income and expenses	1 200 000	(82 486)	1 200 000	(540 850)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2020	31/12/2019
Other administrative expenses	(331 818)	(629 172)
Remuneration of intermediaries	(431 503)	(426 078)
Taxes and duties	99 685	(203 094)
<i>(S)ingle (R)esolution (F)und</i>		
Operating expenses	(331 818)	(629 172)
<i>(S)ingle (R)esolution (F)und (I)</i>	(238 354)	(244 707)
Various bank operating charges	(238 354)	(244 707)

2.d CORPORATE INCOME TAX

In euros	31/12/2020	31/12/2019
Current tax for the period	(108 565)	(8 329)
Deferred tax	(762 034)	(9 534 474)
Corporate income tax	(870 599)	(9 542 803)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2020

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2020	31/12/2019
Central Banks and PO accounts	(3 922)	1 108
Central banks	(3 922)	1 108
Central banks	(3 922)	1 108

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2020	31/12/2019
Loans and receivables	50 545 541	1 097 627 871
Ordinary debit accounts	25 050 051	70 496 854
Term accounts and loans (1)	25 495 490	1 027 131 017
Loans and amounts due from banks	50 545 541	1 097 627 871
<i>Of which associated receivables</i>	<i>27 718</i>	<i>153 968</i>

(1) Interest rates on collateral being negative, the interest was attached to liabilities on 31 December 2020

In euros	31/12/2020	31/12/2019
Debts and borrowings	419 113 829	1 060 126 926
Credit balances on ordinary accounts		
Term borrowings (2)	419 111 685	1 060 125 379
Interest on collateral cash paid in connection with SRF	2 144	1 547
Amounts due to banks	419 113 829	1 060 126 926
<i>(2) Interest rates on collateral being negative, the interest was attached to liabilities on 31 December 2020</i>	<i>5 792</i>	<i>126 926</i>

3.c TRANSACTIONS WITH CLIENTS

In euros	31/12/2020	31/12/2019
Loans and receivables	261 455 827	421 977 198
Other client lending	248 202 662	393 608 446
Bad debts	13 253 165	28 368 752
Transactions with clients – Assets	261 455 827	421 977 198
<i>Including associated receivables</i>	<i>790 072</i>	<i>1 582 606</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2020	31/12/2019
Bonds and other fixed-income securities		
Gross value	130 935 744	576 767 413
Reserve	-	(143 267)
Associated charges	1 679 785	5 545 422
Bonds and other fixed-income securities	132 615 529	582 169 568

3.e OTHER ASSETS AND LIABILITIES

In euros	31/12/2020	31/12/2019
Sundry other assets	454 807	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>	26 079	142 237
Other assets	454 807	528 903
Sundry other liabilities		
<i>including deferred Tax liabilities</i>	3 640 726	2 770 127
including profits taxes		
Other taxes and levies	-	-
Other liabilities	3 640 726	2 770 127

3.f ADJUSTMENT ACCOUNT

In euros	31/12/2020	31/12/2019
Accrued income	1 212 738	33 113 263
Other debit adjustment accounts	695 459	2 045 354
<i>including Expenses attributable to more than one period</i>	-	171 002
<i>including Prepaid Charges</i>	695 459	1 874 353
Revaluation of derivative and foreign exchange instruments	3 439 966	
Adjustment accounts – assets	5 348 163	35 158 617
Accrued expenses	2 429 935	7 865 510
Other credit adjustment accounts	5 098 847	15 186 348
<i>including Prepaid Income</i>	5 098 847	15 186 348
Revaluation of derivative and foreign exchange instruments	-	3 360 853
Adjustment accounts – liabilities	7 528 782	26 412 711

3.g DEBT SECURITIES

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

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	31/12/2019	Increases in accounts	Decreases in accounts	31/12/2020
Capital	24 040 000			24 040 000
Premium on shares				
- Legal reserve (1)	2 322 537			2 322 537
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	11 613		(9 967 224)	(9 955 612)
Profit for the period	(9 967 224)	3 733 528	9 967 224	3 733 528
Shareholders' equity	16 406 925	3 733 528	-	20 140 453

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	31/12/2020	31/12/2019
Exchange rate derivatives	146 553 499	234 155 906
Interest rate derivatives	197 958 983	2 697 197 643
OTC financial forward instruments	344 512 482	2 931 353 549
The net valuation of the swaps is:	-7 059 364 €	15 812 240 €
The capital gain on swaps on the clientele assets and on the securities is:	-7 059 364 €	-21 275 406 €
The capital gain on swaps on the issues is:		37 087 646 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2020	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	31/12/2020	31/12/2019
Clients		
BPIFRANCE ASSURANC- ex Coface	51 343 965	97 291 666
Euler Hermes KreditVersi	120 055 080	194 825 035
Export CT guarantee dept	7 727 247	17 511 547
Export import BK OF US	-	15 139 902
EKF DENMARK	-	-
Guarantee commitments received	179 126 292	324 768 150

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	-	-	-	-	-	-
Loans and advances to banks	25 050	24 000	1 468	-	-	50 518
demand receivables	25 050	-	-	-	-	25 050
term receivables	-	24 000	1 468	-	-	25 468
Transactions with clients	-	50 873	103 075	98 632	8 173	260 754
Bonds and other fixed-income securities	-	85 044	-	45 892	-	131

SOURCES

Amounts due to banks	419 106	419 106
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	31/12/2020
Financial position at the end of the year					
Share capital	24 040 000	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	2 404 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	6 306 228	6 240 732	6 287 353	588 556	5 031 033
Earnings before taxes, depreciation and amortisation	5 216 224	5 283 185	5 440 001	(285 323)	4 460 860
Corporate income tax	(1 914 275)	(1 902 164)	(4 319 266)	(9 542 803)	(870 599)
Earnings after taxes, depreciation and amortisation	3 350 029	3 381 021	1 116 566	(9 967 224)	3 733 528
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)	1,49
Earnings after taxes, depreciation and amortisation	1,39	1,41	0,46	(4,15)	1,55
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