



BNP PARIBAS
PUBLIC SECTOR SCF

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 30 June 2014

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INCOME STATEMENT AT 30 JUNE 2014

In euros	Notes	30/06/2014	30/06/2013
Interest and similar income	2.a	22 465 217	20 989 094
Interest and similar expenses	2.a	(21 053 091)	(18 776 762)
Revenues from variable-income securities		-	
Commissions (income)	2.b	550 000	550 000
Commissions (expenses)	2.b	(1 371 340)	(1 475 787)
Gains or losses on transactions on trading portfolios		(25 148)	(51 221)
		-	
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		1	1
Other expenses on banking operations		(318)	(17)
NET BANKING INCOME		565 321	1 235 308
Labour costs		-	-
Other administrative expenses	2.c	(238 862)	(332 001)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	(299 652)
Decrease in the depreciation of securities portfolio and various operations		93 728	110 769
GROSS OPERATING PROFIT		420 186	714 424
Cost of risk			
OPERATING PROFIT		420 186	714 424
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		420 186	714 424
Net exceptional income/expense			
Corporate income tax	2.d	(1 451 737)	-
NET PROFIT		(1 031 550)	714 424

BALANCE SHEET at 30 June 2014

In euros	Notes	30/06/2014	31/12/2013
ACTIF			
Cash, Central Banks, PO accounts			
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	569 088 287	1 512 958 635
Transactions with clients	3.b	3 230 711 367	3 371 084 603
Bonds and other fixed-income securities	3.c	246 294 238	466 256 580
Equities and other variable-income securities			
Equity investments and other long-term securities		16 000	16 000
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.d	97 731	103 857
Adjustment accounts	3.e	39 378 327	126 762 247
TOTAL ASSETS		4 085 585 950	5 477 181 922
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.a	898 753 672	1 247 076 522
Transactions with clients	3.b		
Debt securities	3.f	3 030 260 274	4 073 523 973
Other liabilities	3.d	488 832	165 576
Adjustment accounts	3.e	65 896 529	60 143 426
Provisions for contingencies and charges		-	-
Subordinated debt	3.g	65 234 524	65 168 236
TOTAL DEBTS		4 060 633 831	5 446 077 733
SHAREHOLDERS' EQUITY			
<i>Share capital subscribed</i>	4.a	24 040 000	24 040 000
<i>Premium on shares</i>	4.a		
<i>Reserves</i>		1 930 156	1 660 483
<i>Retained earnings</i>		13 513	10 260
Profit for the period		(1 031 550)	5 393 446
TOTAL SHAREHOLDERS' EQUITY		24 952 119	31 104 189
TOTAL LIABILITIES		4 085 585 950	5 477 181 922
OFF-BALANCE-SHEET ITEMS	Notes	30/06/2014	31/12/2013

COMMITMENTS GIVEN

Finance commitments

Guarantee commitments

Commitments on securities

-

-

COMMITMENTS RECEIVED

Finance commitments

Guarantee commitments

4.d

3 128 658 295

3 348 412 593

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.

The income statement dated 30 JUNE 2014 and the related notes to the Financial Statements provide comparative information for 30 JUNE 2013.

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 on-demand and term loans 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

Corporate income tax is an expense of the period to which the income or expenses relate, irrespective of the date it is actually paid.

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 companies

In the light of the company's business and of its capital link (subsidiary 99.99% held by BNP Paribas SA), the CRC 2010-04 obligations 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 2014

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	30/06/2014		30/06/2013	
	Income	Expenses	Income	Expenses
Banks	2 180 951	(1 525 237)	289 355	(1 308 869)
Demand accounts, loans and borrowings	2 180 951	(1 525 237)	289 355	(1 308 869)
Clients *	19 486 491	-	19 942 870	-
Demand accounts, loans and term accounts	19 486 491		19 942 870	
Bonds and other fixed-income securities	797 775	-	756 869	-
Short-term investment securities	797 775		756 869	
Debt securities	-	(19 527 854)	-	(17 467 892)
Real estate-backed bonds		(18 882 601)		(16 989 393)
Term subordinated debt		(645 253)		(478 499)
Interest income and expenses	22 465 217	(21 053 091)	20 989 094	(18 776 762)

* A charge for the previous financial year amounting to 237KE was posted following a correction relative to smoothing out the discount

2.b COMMISSIONS

In euros	30/06/2014		30/06/2013	
	Income	Expenses	Income	Expenses
Banking and financial transactions	550 000	(1 371 340)	550 000	(1 475 787)
Securities trading	550 000	(1 371 340)	550 000	(1 475 787)
Commission income and expenses	550 000	(1 371 340)	550 000	(1 475 787)

2.c OPERATING GENERAL EXPENSES

In euros	30/06/2014	30/06/2013
Other administrative expenses	(238 862)	(332 001)
Remuneration of intermediaries	(215 136)	(231 919)
Various external services		
Taxes and duties	(23 727)	(100 082)
Operating expenses	(238 862)	(332 001)

2.d CORPORATE INCOME TAX

In euros	30/06/2014	30/06/2013
Current tax for the period	(1 451 737)	
Corporate income tax	(1 451 737)	-

3. NOTES ON THE BALANCE SHEET AT 30 JUNE 2014

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2014	31/12/2013
Loans and receivables	569 088 287	1 512 958 635
Ordinary debit accounts	183 668 197	508 761 641
Term accounts and loans	385 420 090	1 004 196 994
Loans and amounts due from banks	569 088 287	1 512 958 635
<i>Of which associated receivables</i>	<i>816 814</i>	<i>857 378</i>

In euros	30/06/2014	31/12/2013
Debts and borrowings	898 753 672	1 247 076 522
Credit balances on ordinary accounts	163 165	156 108
Term borrowings	898 590 506	1 246 920 414
Amounts due to banks	898 753 672	1 247 076 522
<i>Of which associated liabilities</i>	<i>110 406</i>	<i>125 114</i>

3.b TRANSACTIONS WITH CLIENTS

In euros	30/06/2014	31/12/2013
Loans and receivables	3 230 711 367	3 371 084 603
Other client lending	3 230 711 367	3 371 084 603
Transactions with clients – Assets	3 230 711 367	3 371 084 603
<i>Of which associated receivables</i>	<i>15 460 972</i>	<i>14 813 463</i>

The amount of receivables has been adjusted to the extent of 234k€ following a correction relative to smoothing out the discount

3.c BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	30/06/2014	31/12/2013
Bonds and other fixed-income securities		
Gross value	240 640 450	461 646 390
Reserve	(38 597)	(132 324)
Associated charges	5 692 385	4 742 515
Bonds and other fixed-income securities	246 294 238	466 256 580

3.d OTHER ASSETS AND LIABILITIES

In euros	30/06/2014	31/12/2013
Accrued income	21 837 764	65 384 919
Other debit adjustment accounts	17 540 563	19 172 351
<i>of which Expenses attributable to more than one period</i>	8 306 689	9 828 591
<i>of which Prepaid Charges</i>	9 233 874	9 343 760
Revaluation of derivative and foreign exchange instruments		42 204 977
Adjustment accounts – assets	39 378 327	126 762 247
Accrued expenses	8 527 442	10 774 119
Other credit adjustment accounts	49 235 739	49 369 307
Revaluation of derivative and foreign exchange instruments	8 133 348	
Adjustment accounts – liabilities	65 896 529	60 143 426

3.f DEBT SECURITIES

In euros	30/06/2014	31/12/2013
Bond borrowings	3 000 000 000	4 000 000 000
<i>associated liabilities</i>	30 260 274	73 523 973
Debt securities	3 030 260 274	4 073 523 973

3.g SUBORDINATED DEBT

In euros	30/06/2014	31/12/2013
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	234 524	168 236
Subordinated debt	65 234 524	65 168 236

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	30/06/2014			31/12/2013		
	Number of shares	Value per share	Total	Number of shares	Value per share	Total
At opening	2 404 000	10	24 040 000	2 404 000	10	24 040 000
At closing	2 404 000	10	24 040 000	2 404 000	10	24 040 000

4.b CHANGES IN SHAREHOLDERS' EQUITY

In thousands of euros	31/12/2013	Increases in accounts	Decreases in accounts	30/06/2014
Equity	24 040			24 040
Premium on shares				
- Legal reserve (1)	1 660	270		1 930
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	10	4		14
Profit for the period	5 393	(1 032)	(5 393)	(1 032)
Shareholders' equity	31 103	(758)	(5 393)	24 952

(1) Reclassification of the other reserves as legal reserve

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	30/06/2014	31/12/2013
Exchange rate derivatives	747 2 168 812	710 2 416 097
Interest-rate derivatives	162 7 239 717	820 8 533 672
OTC financial forward instruments	9 408 529 909	10 949 770 530

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	30/06/2014	31/12/2013
Clients		
Coface	1 072 760 870	1 157 024 957
Euler Hermes KreditVersi	1 061 285 948	1 086 476 452
Export CT guarantee dept	427 838 817	446 980 637
Export import BK OF US	563 356 549	654 311 896
EKF DENMARK	3 416 111	3 618 652
Guarantee commitments received	3 128 658 295	3 348 412 593

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						
Loans and advances to banks	184 485	316 674	9 794	47 023	11 112	569 088
Demand receivables	183 668					183 668
Term receivables	817	316 674	9 794	47 023	11 112	385 420
Transactions with clients	15 461	125 353	506 321	1 865 663	717 914	3 230 711
Bonds and other fixed-income securities	5 692		140 857	50 514	49 231	246 294
SOURCES						
Amounts due to banks	274	225 000	673 480			898 754
Debt securities	30 260		-	2 000 000	1 000 000	3 030 260
Subordinated debt	235			65 000		65 235

Company earnings for the last five financial years

In euros	31/12/2010	31/12/2011	31/12/2012	31/12/2013	30/06/2014
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 (1)	10 678 143	12 986 221	7 380 880	7 649 749	565 321
Earnings before taxes, depreciation and amortisation	10 149 196	11 695 380	6 662 681	6 882 934	326 459
Corporate income tax	(1 946 320)	(2 000 553)	(1 079 409)	(1 593 727)	(1 451 737)
Earnings after taxes, depreciation and amortisation	8 202 876	8 431 036	6 610 500	5 393 446	(1 031 550)
Distributed earnings	7 813 000	8 029 360	6 274 440	5 120 520	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	3.41	4.03	2.32	2.20	(0.47)
Earnings after taxes, depreciation and amortisation	3.41	3.51	2.75	2.24	(0.43)
Dividend paid per share	3.25	3.34	2.61	2.13	-
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

(1) BNP PARIBAS PUBLIC SECTOR SCF became a financial company as of 30 January 2009.

(2) Correction made to 2010, for which the amounts corresponded to profit after tax, depreciation and amortization.

BNP PARIBAS PUBLIC SECTOR SCF

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**STATUTORY AUDITORS' REVIEW REPORT
ON THE 2014 INTERIM FINANCIAL INFORMATION**

BNP PARIBAS PUBLIC SECTOR SCF

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75009 Paris

**STATUTORY AUDITORS' REVIEW REPORT
ON THE 2014 INTERIM FINANCIAL INFORMATION**

To the Management,

In our capacity as Statutory Auditors of BNP Paribas Public Sector SCF and pursuant to your request, we have performed a review of the accompanying interim financial statements for the six months ended 30 June 2014.

These interim financial statements are the responsibility of management. Our role is to express a conclusion on these financial statements based on our review.

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 2014, and of the results of its operations for the six months then ended in accordance with French accounting principles.

This report has been prepared for your attention in the above-described context and may not be used, distributed or cited for any other purposes. We accept no liability with regard to any third party to whom this report is distributed or into whose hands it may fall.

This report is governed by French law. The French courts have exclusive jurisdiction over any dispute, claim or disagreement that may arise from our letter of engagement, this report or any question relating thereto. Each party irrevocably waives its rights to oppose any action brought before the abovementioned courts, to claim that the action has been brought before a court that lacks jurisdiction, or that those courts do not have jurisdiction.

Neuilly-sur-Seine, 29 August 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Laurent Tavernier

Sylvie Bourguignon