



BNP PARIBAS
PUBLIC SECTOR SCF

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

Dated 31 December 2013

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INCOME STATEMENT AT 31 DECEMBER 2013

En euros	Notes	31/12/2013	31/12/2012
Interest and similar income	2.a	46 775 169	58 991 209
Interest and similar expenses	2.a	(37 899 472)	(49 769 059)
Revenues from variable-income securities			
Commissions (income)	2.b	1 100 000	1 100 000
Commissions (expenses)	2.b	(2 461 035)	(3 066 949)
Gains or losses on transactions on trading portfolios		136 008	24 460
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		1	102 370
Other expenses on banking operations		(922)	(1 150)
NET BANKING INCOME		7 649 749	7 380 880
Labour costs		-	-
Other administrative expenses	2.c	(766 815)	(718 200)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		(30 450)	(236 563)
Decrease in the depreciation of securities portfolio and various operations		134 688	1 263 791
GROSS OPERATING PROFIT		6 987 173	7 689 909
Cost of risk			
OPERATING PROFIT		6 987 173	7 689 909
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		6 987 173	7 689 909
Net exceptional income/expense			
Corporate income tax	2.d	(1 593 727)	(1 079 409)
NET PROFIT		5 393 446	6 610 500

BALANCE SHEET at 31 december 2013

In euros	Notes	31/12/2013	31/12/2012
ASSETS			
Cash, Central Banks, PO accounts			
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	1 512 958 635	685 711 264
Transactions with clients	3.b	3 371 084 603	3 755 750 244
Bonds and other fixed-income securities	3.c	466 256 580	284 605 666
Equities and other variable-income securities			
Equity investments and other long-term securities		16 000	12 000
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.d	103 857	1 482 518
Adjustment accounts	3.e	126 762 247	95 824 617
TOTAL ASSETS		5 477 181 922	4 823 386 309
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.a	1 247 076 522	457 338 512
Transactions with clients	3.b		
Debt securities	3.f	4 073 523 973	4 073 539 692
Other liabilities	3.d	165 576	-
Adjustment accounts	3.e	60 143 426	195 358 097
Provisions for contingencies and charges		-	-
Subordinated debt	3.g	65 168 236	65 164 824
TOTAL DEBTS		5 446 077 733	4 791 401 126
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		1 660 483	1 329 959
Retained earnings		10 260	4 725
Profit for the period		5 393 446	6 610 500
TOTAL SHAREHOLDERS' EQUITY		31 104 189	31 985 183
TOTAL LIABILITIES		5 477 181 922	4 823 386 309
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments			
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	3 348 412 593	3 784 303 424
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 31 DECEMBER 2013 and the related notes to the Financial Statements provide comparative information for 31 DECEMBER 2012.

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 31 DECEMBER 2013

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	31/12/2013		31/12/2012	
	Income	Expenses	Income	Expenses
Banks	1 029 209	(2 328 324)	2 886 349	(3 561 470)
Demand accounts, loans and borrowings	1 029 209	(2 328 324)	2 886 349	(3 561 470)
Clients	44 146 188	-	55 567 912	-
Demand accounts, loans and term accounts	44 146 188		55 567 912	
Bonds and other fixed-income securities	1 599 772	-	536 948	
Short-term investment securities	1 599 772		536 948	
Debt securities	-	(35 571 148)	-	(46 207 589)
Real estate-backed bonds		(34 602 942)		(44 899 621)
Term subordinated debt		(968 206)		(1 307 968)
Interest income and expenses	46 775 169	(37 899 472)	58 991 209	(49 769 059)

2.b COMMISSIONS

In euros	31/12/2013		31/12/2012	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 100 000	(2 461 035)	1 100 000	(3 066 949)
Securities trading	1 100 000	(2 461 035)	1 100 000	(3 066 949)
Commission income and expenses	1 100 000	(2 461 035)	1 100 000	(3 066 949)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2013	31/12/2012
Other administrative expenses	(766 815)	(718 200)
Remuneration of intermediaries	(473 923)	(673 061)
Various external services		
Taxes and duties	(292 892)	(45 138)
Operating expenses	(766 815)	(718 200)

2.d CORPORATE INCOME TAX

In euros	31/12/2013	31/12/2012
Current tax for the period	(1 593 727)	(1 079 409)
Corporate income tax	(1 593 727)	(1 079 409)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2013

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2013	31/12/2012
Loans and receivables	1 512 958 635	685 711 264
Ordinary debit accounts	508 761 641	480 409 858
Term accounts and loans	1 004 196 994	205 301 406
Loans and amounts due from banks	1 512 958 635	685 711 264
<i>Of which associated receivables</i>	<i>857 378</i>	<i>325 935</i>

In euros	31/12/2013	31/12/2012
Debts and borrowings	1 247 076 522	457 338 512
Credit balances on ordinary accounts	156 108	34 814
Term borrowings	1 246 920 414	457 303 698
Amounts due to banks	1 247 076 522	457 338 512
<i>Of which associated liabilities</i>	<i>125 114</i>	<i>42 698</i>

3.b TRANSACTIONS WITH CLIENT

In euros	31/12/2013	31/12/2012
Loans and receivables	3 371 084 603	3 755 750 244
Other client lending	3 371 084 603	3 755 750 244
Transactions with clients – Assets	3 371 084 603	3 755 750 244
<i>Of which associated receivables</i>	<i>14 813 463</i>	<i>17 422 529</i>

3.c BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2013	31/12/2012
Bonds and other fixed-income securities		
Gross value	461 646 390	281 553 550
Reserve	(132 324)	(236 563)
Associated charges	4 742 515	3 288 679
Bonds and other fixed-income securities	466 256 580	284 605 666

3.d OTHER ASSETS AND LIABILITIES

In euros	31/12/2013	31/12/2012
Sundry other assets	103 857	1 482 518
Other assets	103 857	1 482 518
Sundry other liabilities	165 576	
Other liabilities	165 576	-

3.e ADJUSTMENT ACCOUNTS

In euros	31/12/2013	31/12/2012
Accrued income	65 384 919	70 054 132
Other debit adjustment accounts	19 172 351	25 770 484
<i>of which Expenses attributable to more than one period</i>	9 828 591	12 930 771
<i>of which Prepaid Charges</i>	9 343 760	12 839 714
Revaluation of derivative and foreign exchange inst	42 204 977	
Adjustment accounts – assets	126 762 247	95 824 617
Accrued expenses	10 774 119	18 096 278
Other credit adjustment accounts	49 369 307	17 581 492
Revaluation of derivative and foreign exchange instruments		159 680 327
Adjustment accounts – liabilities	60 143 426	195 358 097

3.f DEBT SECURITIES

In euros	31/12/2013	31/12/2012
Bond borrowings	4 000 000 000	4 000 000 000
<i>associated liabilities</i>	73 523 973	73 539 692
Debt securities	4 073 523 973	4 073 539 692

3.g SUBORDINATED DEBT

In euros	31/12/2013	31/12/2012
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	168 236	164 824
Subordinated debt	65 168 236	65 164 824

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	31/12/2013			31/12/2012		
	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	31/12/2012	Increases in accounts	Decreases in accounts	31/12/2013
Equity	24 040			24 040
Premium on shares				
- Legal reserve (1)	1 330	330		1 660
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	5	5		10
Profit for the period	6 610	5 393	(6 610)	5 393
Shareholders' equity	31 985	5 728	(6 610)	31 103

(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	31/12/2013	31/12/2012
Exchange rate derivatives	2 416 097 710	2 726 950 726
Interest-rate derivatives	8 533 672 820	8 174 343 076
OTC financial forward instruments	10 949 770 530	10 901 293 803

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2013	31/12/2012
Clients		
Coface	1 157 024 957	1 050 490 750
Euler Hermes KreditVersi	1 086 476 452	1 327 398 335
Export CT guarantee dept	446 980 637	547 107 555
Export import BK OF US	654 311 896	859 306 785
EKF DENMARK	3 618 652	
Guarantee commitments received	3 348 412 593	3 784 303 424

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	508 762	942 484	8 139	41 652	11 922	1 512 959
Demand receivables	508 762					508 762
Term receivables	0	942 484	8 139	41 652	11 923	1 004 198
Transactions with clients	0	149 272	500 229	1 938 775	782 809	3 371 085
Bonds and other fixed-income securities			321 356	95 103	49 798	466 257
SOURCES						
Amounts due to banks	281	981 415	265 381			1 247 077
Debt securities	73 524		1 000 000	2 000 000	1 000 000	4 073 524
Subordinated debt	168				65 000	65 168

Company earnings for the last five financial years

In euros	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
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)	13 937 991	10 678 143	12 986 221	7 380 880	7 649 749
Earnings before taxes, depreciation and amortisation	12 841 728	10 149 196	11 695 380	6 662 681	6 882 934
Corporate income tax	(2 876 469)	(1 946 320)	(2 000 553)	(1 079 409)	(1 593 727)
Earnings after taxes, depreciation and amortisation	9 965 259	8 202 876	8 431 036	6 610 500	5 393 446
Distributed earnings	9 375 600	7 813 000	8 029 360	6 274 440	
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	4.15	3.41	4.03	2.32	2.20
Earnings after taxes, depreciation and amortisation	4.15	3.41	3.51	2.75	2.24
Dividend paid per share	4	3.25	3.34	2.61	0.00
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 2009 and 2010, for which the amounts corresponded to profit after tax, depreciation and amortization.

BNP PARIBAS PUBLIC SECTOR SCF

**STATUTORY AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS**

(Year ended 31 December 2013)

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés

185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

**STATUTORY AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS**

(Year ended 31 December 2013)

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 users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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

1, boulevard Haussmann

75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying financial statements of BNP PARIBAS PUBLIC SECTOR SCF,
- the justification of our assessments,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as at 31 December 2013, and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the assessments we made concerned the appropriateness of the accounting principles used as well as the reasonableness of the significant estimates made.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III- Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
- the fair presentation of the information provided in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits granted to certain company officers and any other commitments made in their favour. We draw your attention to the reasons presented in the management report explaining that your company does not provide any information relating to remuneration and benefits granted by the controlling entity to corporate officers of your company who are not also corporate officers of the controlling entity.

Neuilly-sur-Seine, 28 March 2014

The Statutory Auditors

French original signed by

PricewaterhouseCoopers
Audit

Laurent Tavernier

Deloitte & Associés

Sylvie Bourguignon