

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 30 June 2016

CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT 30 June 2016

In euros	Notes	30/06/2016	30/06/2015
Interest and similar income	2.a	7 366 455	14 288 283
Interest and similar expenses	2.a	(4 178 692)	(10 809 103)
Revenues from variable-income securities		-	-
Commissions (income)	2.b	600 000	550 000
Commissions (expenses)	2.b	(643 434)	(980 017)
Gains or losses on foreign exchange and arbitrage transactions		55 643	(318 846)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		1	-
Other expenses on banking operations		(116)	(64)
NET BANKING INCOME		3 199 857	2 730 253
Labour costs		-	-
Other administrative expenses	2.c	(749 156)	(313 886)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	-
Decrease in the depreciation of securities portfolio and various operations		48 080	248 992
GROSS OPERATING PROFIT		2 498 781	2 665 359
Cost of risk		-	-
OPERATING PROFIT		2 498 781	2 665 359
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE T.		2 498 781	2 665 359
Net exceptional income/expense (1)			(18 705 560)
Corporate income tax	2.d	(956 026)	5 552 746
NET PROFIT		1 542 755	(10 487 455)

(1) Charges for prior financial years connected with a correction of cash differentials on swaps
Charges for prior financial years connected with a correction of interests on swaps

BALANCE SHEET at 30 June 2016

In euros	Notes	30/06/2016	31/12/2015
ASSETS			
Cash, Central Banks, PO accounts	3.a	1 977	1 066
Treasury bills and similar securities		-	-
Loans and advances to banks	3.b	321 650 747	1 324 497 544
Transactions with clients	3.c	2 383 853 487	2 790 471 118
Bad debts	3.c	25 009 543	
Bonds and other fixed-income securities	3.d	301 406 832	302 957 776
Equities and other variable-income securities			
Equity investments and other long-term securities		20 000	20 000
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.e	1 606 989	5 132 107
Adjustment accounts	3.f	24 510 638	63 325 037
TOTAL ASSETS		3 058 060 213	4 486 404 648
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	1 605 000 000	1 937 867 372
Transactions with clients	3.b		
Debt securities	3.g	1 012 909 836	2 049 335 373
Other liabilities	3.d	129 116	
Adjustment accounts	3.e	348 242 581	408 945 048
Provisions for contingencies and charges			
Subordinated debt	3.h	65 170 511	65 191 441
TOTAL DEBTS		3 031 452 044	4 461 339 234
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.a	24 040 000	36 040 000
Premium on shares			
Reserves		1 930 156	1 930 156
Retained earnings		(904 742)	(2 913 726)
Profit for the period		1 542 755	(9 991 016)
TOTAL SHAREHOLDERS' EQUITY		26 608 169	25 065 414
TOTAL LIABILITIES		3 058 060 213	4 486 404 648
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	217 879	139 797
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	2 204 813 285	2 567 068 858
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 2016 and the related notes to the Financial Statements provide comparative information for 30 JUNE 2015.

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 of CRC 2010-04 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 2016

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	30/06/2016		30/06/2015	
	Income	Expenses	Income	Expenses
Banks	580 050	(38 879)	847 249	(601 231)
Demand accounts, loans and borrowings	580 050	(38 879)	847 249	(601 231)
Clients	6 777 530	-	13 257 621	-
Demand accounts, loans and term accounts	6 777 530		13 257 621	
Bonds and other fixed-income securities	8 874	(255 708)	183 413	-
Short-term investment securities	8 874	(255 708)	183 413	
Debt securities	-	(3 884 105)	-	(10 207 872)
Real estate-backed bonds		(3 367 098)		(9 623 302)
Term subordinated debt		(517 006)		(584 570)
Interest income and expenses	7 366 455	(4 178 692)	14 288 283	(10 809 103)

2.b COMMISSIONS

In euros	30/06/2016		30/06/2015	
	Income	Expenses	Income	Expenses
Banking and financial transactions	600 000	(643 434)	550 000	(2 215 424)
Securities trading <i>including investments commissions</i>	600 000	(643 434) (360 242)	550 000	(980 017) (607 011)
Commission income and expenses	600 000	(643 434)	550 000	(2 215 424)

2.c OPERATING GENERAL EXPENSES

In euros	30/06/2016	30/06/2015
Other administrative expenses	(749 156)	(313 886)
Remuneration of intermediaries	(239 320)	(308 728)
Taxes and duties	(67 369)	(5 158)
<i>(S) ingle (R) esolution (F) und</i>	(442 467)	
Operating expenses	(749 156)	(313 886)

2.d CORPORATE INCOME TAX

In euros	30/06/2016	30/06/2015
Current tax for the period	(1 134 683)	
Deferred tax	178 658	5 552 746
Corporate income tax	(956 025)	5 552 746

3. NOTES ON THE BALANCE SHEET AT 30 JUNE 2016

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2015	31/12/2015
Central Banks and PO accounts	1 977	1 066
Central Banks	1 977	1 066
Central Banks	1 977	1 066

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	30/06/2016	31/12/2015
Loans and receivables	321 650 747	1 324 497 544
Ordinary debit accounts	186 168 859	160 222 700
Term accounts and loans	135 481 887	1 164 274 845
Loans and amounts due from banks	321 650 747	1 324 497 544
<i>Of which associated receivables</i>	<i>811 867</i>	<i>700 957</i>

In euros	30/06/2016	31/12/2015
Debts and borrowings	1 605 000 000	1 937 867 372
Credit balances on ordinary accounts		
Term borrowings	1 605 000 000	1 937 867 372
Amounts due to banks	1 605 000 000	1 937 867 372
<i>Of which associated liabilities (1)</i>		<i>32 918</i>

(1) Interest rates on collateral being negative, the interest was apportioned to the assets in 2016

3.c TRANSACTIONS WITH CLIENTS

In euros	30/06/2016	31/12/2015
Loans and receivables	2 408 863 030	2 790 471 118
Other client lending	2 383 853 487	2 790 471 118
Bad debts	25 009 543	
Transactions with clients – Assets	2 408 863 030	2 790 471 118
<i>including associated receivables</i>	<i>11 175 401</i>	<i>11 562 883</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	30/06/2016	31/12/2015
Bonds and other fixed-income securities		
Gross value	298 677 119	300 267 024
Reserve		(48 080)
Associated charges	2 729 713	2 738 832
Bonds and other fixed-income securities	301 406 832	302 957 776

3.e OTHER ASSETS AND LIABILITIES

In euros	30/06/2016	31/12/2015
Sundry other assets	1 606 989	5 132 107
<i>including down payment on company tax</i>		3 802 898
<i>including deferred tax assets</i>	1 249 771	1 071 113
<i>including (S)ingle (R)esolution (F)und</i>	217 879	139 797
<i>including claims on the state</i>	139 339	
Other assets	1 606 989	5 132 107
Sundry other liabilities	129 116	-
<i>including deferred tax liabilities</i>	-	-
<i>including profits taxes</i>	128 907	
<i>Other taxes and levies</i>	209	
Other liabilities	129 116	-

3.f ADJUSTMENT ACCOUNTS

In euros	30/06/2016	31/12/2015
Accrued income	13 918 153	51 372 703
Other debit adjustment accounts	10 592 485	11 952 334
<i>including Expenses attributable to more than one period</i>	4 086 176	4 858 830
<i>including Prepaid Charges</i>	6 506 310	7 093 504
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	24 510 638	63 325 037
Accrued expenses	23 836 343	28 939 344
Other credit adjustment accounts	59 913 269	65 178 033
<i>including prepaid income</i>	59 913 269	65 178 033
Revaluation of derivative and foreign exchange instruments	264 492 969	314 827 671
Adjustment accounts – liabilities	348 242 581	408 945 048

3.g DEBT SECURITIES

In euros	30/06/2016	31/12/2015
Bond borrowings	1 000 000 000	2 000 000 000
<i>associated liabilities</i>	12 909 836	49 335 373
Debt securities	1 012 909 836	2 049 335 373

3.h SUBORDINATED DEBT

In euros	30/06/2016	31/12/2015
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	170 511	191 441
Subordinated debt	65 170 511	65 191 441

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	3 604 000		1 200 000	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	31/12/2015	Increases in accounts	Decreases in accounts	30/06/2016
Capital	36 040 000		#####	24 040 000
Premium on shares				
- Legal reserve (1)	1 930 156			1 930 156
- Reserves required by the bylaws and contractual reserves	-			-
- Regulated long-term capital gains reserves	-			-
- Other Reserves	-			-
Unrealised translation differences	-			-
Retained earnings	(2 913 726)	12 000 000	(9 991 016)	(904 742)
Profit for the period	(9 991 016)	1 542 755	9 991 016	1 542 755
Shareholders' equity	25 065 414	13 542 755	-	26 608 169

4.c NOTIONAL ON FINANCIAL INSTRUMENTS

In euros	30/06/2016	31/12/2015
Exchange rate derivatives	1 346 064 311	1 548 287 841
Interest-rate derivatives	2 981 637 928	5 100 601 681
OTC financial forward instruments	4 327 702 239	6 648 889 522
The net valuation of the swaps is	-8 048 428 €	19 049 613 €
The capital gain on swaps on the clientele assets and on the securities is:	-151 237 691 €	-169 646 791 €
The capital gain on swaps on the issues is:	143 189 263 €	188 696 404 €

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	30/06/2016	31/12/2015
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	217 879	139 797
Guarantee commitments received	217 879	139 797

In euros	30/06/2016	31/12/2015
Clients		
Coface	761 072 196	897 813 793
Euler Hermes KreditVersi	778 365 848	878 674 920
Export CT guarantee dept	378 533 304	421 809 216
Export import BK OF US	283 742 916	365 327 342
EKF DENMARK	3 099 021	3 443 588
Guarantee commitments received	2 204 813 285	2 567 068 858

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	1 977					
Loans and advances to banks	186 169	69 358	15 219	49 397	696	320 839
Demand receivables	186 169					186 169
Term receivables		69 358	15 219	49 397	696	134 670
Transactions with clients		140 554	507 594	1 471 264	278 276	2 397 688
Bonds and other fixed-income securities			-	250 474	48 203	298 677
SOURCES						
Amounts due to banks	-	-	-	1 605 000		1 605 000
Debt securities			-	1 000 000		1 000 000
Subordinated debt				65 000		65 000

Company earnings for the last five financial years

In euros	31/12/2012	31/12/2013	31/12/2014	31/12/2015	30/06/2016
Financial position at the end of the year					
Share capital	24 040 000	24 040 000	24 040 000	36 040 000	24 040 000
Number of shares issued	2 404 000	2 404 000	2 404 000	3 604 000	2 404 000
Number of convertible bonds	None	None	None	None	None
Actual operating earnings					
Net banking income	7 380 880	7 649 749	5 581 464	4 382 684	3 199 857
Earnings before taxes, depreciation and amortisation	6 662 681	6 882 934	5 001 397	(15 272 112)	2 450 701
Corporate income tax	(1 079 409)	(1 593 727)	(1 539 165)	5 080 183	(956 026)
Earnings after taxes, depreciation and amortisation	6 610 500	5 393 446	3 345 564	(9 991 016)	1 542 755
Distributed earnings	6 274 440	5 120 520			
Earnings per share					
Earnings after taxes, but before depreciation and amortisation	2.32	2.20	1.44	(2.83)	0.62
Earnings after taxes, depreciation and amortisation	2.75	2.24	1.39	(2.77)	0.64
Dividend paid per share	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

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2016 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 2016.

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.

BNP PARIBAS PUBLIC SECTOR SCF

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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 2016, 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, 9 September, 2016

The Statutory Auditors

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