

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 31 DECEMBER 2014

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CORPORATE FINANCIAL STATEMENTS

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INCOME STATEMENT AT 31 December 2014

In euros	Notes	31/12/2014	31/12/2013
Interest and similar income	2.a	40 632 244	46 775 169
Interest and similar expenses	2.a	(33 464 403)	(37 899 472)
Revenues from variable-income securities		-	
Commissions (income)	2.b	1 100 000	1 100 000
Commissions (expenses)	2.b	(2 215 424)	(2 461 035)
Gains or losses on foreign exchange and arbitrage transactions		(469 787)	136 008
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		2	1
Other expenses on banking operations		(1 167)	(922)
NET BANKING INCOME		5 581 465	7 649 749
Labour costs		-	-
Other administrative expenses	2.c	(580 068)	(766 815)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		(236 538)	(30 450)
Decrease in the depreciation of securities portfolio and various operations		119 870	134 688
GROSS OPERATING PROFIT		4 884 729	6 987 173
Cost of risk			
OPERATING PROFIT		4 884 729	6 987 173
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		4 884 729	6 987 173
Net exceptional income/expense			
Corporate income tax	2.d	(1 539 165)	(1 593 727)
NET PROFIT		3 345 564	5 393 446

BALANCE SHEET at 31 December 2014

In euros	Notes	31/12/2014	31/12/2013
ASSETS			
Cash, Central Banks, PO accounts			
Treasury bills and similar securities		-	-
Loans and advances to banks	3.a	383 436 787	1 512 958 635
Transactions with clients	3.b	3 185 108 769	3 371 084 603
Bonds and other fixed-income securities	3.c	400 044 171	466 256 580
Equities and other variable-income securities			
Equity investments and other long-term securities		20 000	16 000
Interests in group companies			
Lease financing with purchase option			
Intangible fixed assets			
Tangible fixed assets			
Treasury shares			
Other assets	3.d	130 583	103 857
Adjustment accounts	3.e	61 503 489	126 762 247
TOTAL ASSETS		4 030 243 799	5 477 181 922
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.a	605 846 969	1 247 076 522
Transactions with clients	3.b		
Debt securities	3.f	3 053 760 274	4 073 523 973
Other liabilities	3.d	5 912 614	165 576
Adjustment accounts	3.e	276 458 440	60 143 426
Provisions for contingencies and charges			-
Subordinated debt	3.g	65 209 072	65 168 236
TOTAL DEBTS		4 007 187 369	5 446 077 733
SHAREHOLDERS' EQUITY			
	4.b		
Share capital subscribed	4.a	24 040 000	24 040 000
Premium on shares			
Reserves		1 930 156	1 660 483
Retained earnings		(6 259 290)	10 260
Profit for the period		3 345 564	5 393 446
TOTAL SHAREHOLDERS' EQUITY		23 056 430	31 104 189
TOTAL LIABILITIES		4 030 243 799	5 477 181 922
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments			
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	3 090 554 448	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 31 DECEMBER 2014 and the related notes to the Financial Statements provide comparative information for 31 DECEMBER 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

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.

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 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	31/12/2014		31/12/2013	
	Income	Expenses	Income	Expenses
Banks	3 239 839	(2 512 489)	1 029 209	(2 328 324)
Demand accounts, loans and borrowings	3 239 839	(2 512 489)	1 029 209	(2 328 324)
Clients *	36 258 187	-	44 146 188	-
Demand accounts, loans and term accounts	36 258 187		44 146 188	
Bonds and other fixed-income securities	1 134 218	-	1 599 772	-
Short-term investment securities	1 134 218		1 599 772	
Debt securities	-	(30 951 914)	-	(35 571 148)
Real estate-backed bonds		(29 662 480)		(34 602 942)
Term subordinated debt		(1 289 434)		(968 206)
Interest income and expenses	40 632 244	(33 464 403)	46 775 169	(37 899 472)

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

2.b COMMISSIONS

In euros	31/12/2014		31/12/2013	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 100 000	(2 215 424)	1 100 000	(2 461 035)
Securities trading <i>including investments commissions</i>	1 100 000	(2 215 424) (1 474 083)	1 100 000	(2 461 035) (1 778 641)
Commission income and expenses	1 100 000	(2 215 424)	1 100 000	(2 461 035)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2014	31/12/2013
Other administrative expenses	(580 068)	(766 815)
Remuneration of intermediaries	(407 086)	(473 923)
Various external services		
Taxes and duties	(172 981)	(292 892)
Operating expenses	(580 068)	(766 815)

2.d CORPORATE INCOME TAX

In euros	31/12/2014	31/12/2013
Current tax for the period	(3 802 898)	(1 593 727)
Deferred tax (1)	2 263 733	
Corporate income tax	(1 539 165)	(1 593 727)

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

3. NOTES ON THE BALANCE SHEET AT 31 December 2014

3.a AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2014	31/12/2013
Loans and receivables	383 436 787	1 512 958 635
Ordinary debit accounts	222 347 028	508 761 641
Term accounts and loans	161 089 759	1 004 196 994
Loans and amounts due from banks	383 436 787	1 512 958 635
<i>Of which associated receivables</i>	820 295	857 378

In euros	31/12/2014	31/12/2013
Debts and borrowings	605 846 969	1 247 076 522
Credit balances on ordinary accounts	158 199	156 108
Term borrowings	605 688 770	1 246 920 414
Amounts due to banks	605 846 969	1 247 076 522
<i>Of which associated liabilities</i>	39 562	125 114

3.b TRANSACTIONS WITH CLIENTS

In euros	31/12/2014	31/12/2013
Loans and receivables	3 185 108 769	3 371 084 603
Other client lending	3 185 108 769	3 371 084 603
Transactions with clients – Assets	3 185 108 769	3 371 084 603
<i>Of which associated receivables</i>	13 657 315	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</i>		

3.c BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2014	31/12/2013
Bonds and other fixed-income securities		
Gross value	395 649 939	461 646 390
Reserve	(248 992)	(132 324)
Associated charges	4 643 224	4 742 515
Bonds and other fixed-income securities	400 044 171	466 256 580

3.d OTHER ASSETS AND LIABILITIES

In euros	31/12/2014	31/12/2013
Sundry other assets	130 583	103 857
Other assets	130 583	103 857
Sundry other liabilities (1)	5 912 614	165 576
<i>including deferred tax liabilities</i>	4 009 070	
Other liabilities	5 912 614	165 576

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

3.e ADJUSTMENT ACCOUNTS

In euros	31/12/2014	31/12/2013
Accrued income	45 921 799	65 384 919
Other debit adjustment accounts	15 581 690	19 172 351
<i>of which Expenses attributable to more than one period</i>	7 106 599	9 828 591
<i>of which Prepaid Charges</i>	8 475 091	9 343 760
Revaluation of derivative and foreign exchange instruments		42 204 977
Adjustment accounts – assets	61 503 489	126 762 247
Accrued expenses	8 252 360	10 774 119
Other credit adjustment accounts	70 533 145	49 369 307
Revaluation of derivative and foreign exchange instruments	197 672 935	
Adjustment accounts – liabilities	276 458 440	60 143 426

3.f DEBT SECURITIES

In euros	31/12/2014	31/12/2013
Bond borrowings	3 000 000 000	4 000 000 000
<i>associated liabilities</i>	53 760 274	73 523 973
Debt securities	3 053 760 274	4 073 523 973

3.g SUBORDINATED DEBT

In euros	31/12/2014	31/12/2013
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	209 072	168 236
Subordinated debt	65 209 072	65 168 236

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	31/12/2014			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	31/12/2014
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		-6269 *	(6 259)
Profit for the period	5 393	3 346	(5 393)	3 346
Shareholders' equity	31 103	3 616	(11 662)	23 057

(1) Reclassification of the other reserves as legal reserve

* As of 2014, BNP PARIBAS PUBLIC SECTOR SCF is applying a change of accounting method with respect to its deferred taxes. The effect on retained earnings amounts to -6,273K€

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	31/12/2014	31/12/2013
Exchange rate derivatives	1 968 839 660	2 416 097 710
Interest-rate derivatives	7 397 501 382	8 533 672 820
OTC financial forward instruments	9 366 341 042	10 949 770 530

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2014	31/12/2013
Clients		
Coface	1 103 120 188	1 157 024 957
Euler Hermes KreditVersi	1 023 588 979	1 086 476 452
Export CT guarantee dept	444 702 814	446 980 637
Export import BK OF US	515 534 617	654 311 896
EKF DENMARK	3 607 850	3 618 652
Guarantee commitments received	3 090 554 448	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	222 347	92 049	10 906	50 995	6 320	382 616
Demand receivables	222 347					222 347
Term receivables		92 049	10 906	50 995	6 320	160 269
Transactions with clients		115 348	389 080	1 784 871	882 153	3 171 451
Bonds and other fixed-income securities			92 181	78 858	224 362	395 401
SOURCES						
Amounts due to banks		-	605 649			605 649
Debt securities			1 000 000	1 000 000	1 000 000	3 000 000
Subordinated debt				65 000		65 000

Company earnings for the last five financial years

In euros	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
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	5 581 465
Earnings before taxes, depreciation and amortisation	10 149 196	11 695 380	6 662 681	6 882 934	5 001 397
Corporate income tax	(1 946 320)	(2 000 553)	(1 079 409)	(1 593 727)	(1 539 165)
Earnings after taxes, depreciation and amortisation	8 202 876	8 431 036	6 610 500	5 393 446	3 345 564
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	1.44
Earnings after taxes, depreciation and amortisation	3.41	3.51	2.75	2.24	1.39
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

STATUTORY AUDITORS' REPORT ON THE

FINANCIAL STATEMENTS

For the year ended 31 December 2014

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 modified 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 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' Meeting, we hereby report to you, for the year ended 31 December 2014, 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 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 assets and liabilities and of the financial position of the Company at 31 December 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in notes 1, 3.d and 4.b to the financial statements which describe the change in accounting policy following the recognition of deferred taxes.

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 bring to your attention the following matters:

Change in accounting policy

As part of our assessment of the accounting rules and principles applied by the Company, we verified that the change in accounting policy referred to above and the resulting change in presentation were justified.

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

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

We have no matters to report as to:

- 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 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 the 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

Deloitte & Associés

Laurent Tavernier

Sylvie Bourguignon