

FINANCIAL STATEMENTS OF

BNP PARIBAS PUBLIC SECTOR SCF

Dated 31 DECEMBER 2015

INCOME STATEMENT AT 31 December 2015

In euros	Notes	31/12/2015	31/12/2014
Interest and similar income	2.a	24 880 181	40 632 244
Interest and similar expenses	2.a	(19 417 163)	(33 464 403)
Revenues from variable-income securities		-	-
Commissions (income)	2.b	1 200 000	1 100 000
Commissions (expenses)	2.b	(1 851 260)	(2 215 424)
Gains or losses on foreign exchange and arbitrage transactions		(408 745)	(469 787)
Gains or losses on transactions on investment portfolios and similar		-	-
Other income from banking operations		-	2
Other expenses on banking operations		(20 329)	(1 167)
NET BANKING INCOME		4 382 684	5 581 465
Labour costs		-	-
Other administrative expenses	2.c	(949 236)	(580 068)
Amortisation and impairment charge on tangible and intangible fixed assets		-	-
Depreciation of securities portfolio and various operations		-	(236 538)
Decrease in the depreciation of securities portfolio and various operations		200 913	119 870
GROSS OPERATING PROFIT		3 634 361	4 884 729
Cost of risk		-	-
OPERATING PROFIT		3 634 361	4 884 729
Gains or losses on capitalised assets		-	-
Net transfers to regulated provisions		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		3 634 361	4 884 729
Net exceptional income/expense (1)		(18 705 560)	
Corporate income tax	2.d	5 080 183	(1 539 165)
NET PROFIT		(9 991 016)	3 345 564

(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 31 December 2015

In euros	Notes	31/12/2015	31/12/2014
ASSETS			
Cash, Central Banks, PO accounts	3.a	1 066	-
Treasury bills and similar securities		-	-
Loans and advances to banks	3.b	1 324 497 544	383 436 787
Transactions with clients	3.c	2 790 471 118	3 185 108 769
Bonds and other fixed-income securities	3.d	302 957 776	400 044 171
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	5 132 107	130 583
Adjustment accounts	3.f	63 325 037	61 503 489
TOTAL ASSETS		4 486 404 648	4 030 243 799
LIABILITIES			
DEBTS			
Central Banks, PO accounts			
Amounts due to banks	3.b	1 937 867 372	605 846 969
Transactions with clients	3.b		
Debt securities	3.g	2 049 335 373	3 053 760 274
Other liabilities	3.d		5 912 614
Adjustment accounts	3.e	408 945 048	276 458 440
Provisions for contingencies and charges			
Subordinated debt	3.h	65 191 441	65 209 072
TOTAL DEBTS		4 461 339 234	4 007 187 369
SHAREHOLDERS' EQUITY			
Share capital subscribed	4.a	36 040 000	24 040 000
Premium on shares			
Reserves		1 930 156	1 930 156
Retained earnings		(2 913 726)	(6 259 290)
Profit for the period		(9 991 016)	3 345 564
TOTAL SHAREHOLDERS' EQUITY		25 065 414	23 056 430
TOTAL LIABILITIES		4 486 404 648	4 030 243 799
OFF-BALANCE-SHEET ITEMS			
COMMITMENTS GIVEN			
Finance commitments			
Guarantee commitments	4.d	139 797	-
Commitments on securities		-	-
COMMITMENTS RECEIVED			
Finance commitments			
Guarantee commitments	4.d	2 567 068 858	3 090 554 448
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, as appearing in ANC Rule No. 2014-07 dated 26 November 2014.

The income statement dated 31 DECEMBER 2015 and the related notes to the Financial Statements provide comparative information for 31 DECEMBER 2014.

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.

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 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 2015

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	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Banks	1 654 985	(1 324 074)	3 239 839	(2 512 489)
Demand accounts, loans and borrowings	1 654 985	(1 324 074)	3 239 839	(2 512 489)
Clients	23 023 674	-	36 258 187	-
Demand accounts, loans and term accounts	23 023 674		36 258 187	
Bonds and other fixed-income securities	201 522	-	1 134 218	-
Short-term investment securities	201 522		1 134 218	
Debt securities	-	(18 093 089)	-	(30 951 914)
Real estate-backed bonds		(16 938 501)		(29 662 480)
Term subordinated debt		(1 154 588)		(1 289 434)
Interest income and expenses	24 880 181	(19 417 163)	40 632 244	(33 464 403)

2.b COMMISSIONS

In euros	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Banking and financial transactions	1 200 000	(1 851 260)	1 100 000	(2 215 424)
Securities trading <i>including investments commissions</i>	1 200 000	(1 851 260) (1 136 597)	1 100 000	(2 215 424) (1 474 083)
Commission income and expenses	1 200 000	(1 851 260)	1 100 000	(2 215 424)

2.c OPERATING GENERAL EXPENSES

In euros	31/12/2015	31/12/2014
Other administrative expenses	(949 236)	(580 068)
Remuneration of intermediaries	(483 147)	(407 086)
Taxes and duties	(139 896)	(172 981)
<i>(S)ingle (R)esolution (F)und</i>	(326 192)	
Operating expenses	(949 236)	(580 068)

2.d CORPORATE INCOME TAX

In euros	31/12/2015	31/12/2014
Current tax for the period		(3 802 898)
Deferred tax	5 080 183	2 263 733
Corporate income tax	5 080 183	(1 539 165)

3. NOTES ON THE BALANCE SHEET AT 31 DECEMBER 2015

3.a CENTRAL BANKS AND PO ACCOUNTS

In euros	31/12/2015	31/12/2014
Central Banks and PO accounts	1 066	-
Central Banks	1 066	
Central Banks	1 066	-

3.b AMOUNTS DUE TO AND FROM BANKS

In euros	31/12/2015	31/12/2014
Loans and receivables	1 324 497 544	383 436 787
Ordinary debit accounts	160 222 700	222 347 028
Term accounts and loans	1 164 274 845	161 089 759
Loans and amounts due from banks	1 324 497 544	383 436 787
<i>Of which associated receivables</i>	<i>700 957</i>	<i>820 295</i>

In euros	31/12/2015	31/12/2014
Debts and borrowings	1 937 867 372	605 846 969
Credit balances on ordinary accounts		158 199
Term borrowings	1 937 867 372	605 688 770
Amounts due to banks	1 937 867 372	605 846 969
<i>Of which associated liabilities</i>	<i>32 918</i>	<i>39 562</i>

3.c TRANSACTIONS WITH CLIENTS

In euros	31/12/2015	31/12/2014
Loans and receivables	2 790 471 118	3 185 108 769
Other client lending	2 790 471 118	3 185 108 769
Transactions with clients – Assets	2 790 471 118	3 185 108 769
<i>including associated receivables</i>	<i>11 562 883</i>	<i>13 657 315</i>

3.d BONDS AND OTHER FIXED-INCOME SECURITIES

In euros	31/12/2015	31/12/2014
Bonds and other fixed-income securities		
Gross value	300 267 024	395 649 939
Reserve	(48 080)	(248 992)
Associated charges	2 738 832	4 643 224
Bonds and other fixed-income securities	302 957 776	400 044 171

3.e OTHER ASSETS AND LIABILITIES

In euros	31/12/2015	31/12/2014
Sundry other assets	5 132 107	130 583
<i>including down payment on company tax</i>	3 802 898	
<i>including deferred tax assets</i>	1 071 113	
<i>including (S)ingle (R)esolution (F)und</i>	139 797	
Other assets	5 132 107	130 583
Sundry other liabilities	-	5 912 614
<i>including deferred tax liabilities</i>	-	4 009 070
Other liabilities	-	5 912 614

3.f ADJUSTMENT ACCOUNTS

In euros	31/12/2015	31/12/2014
Accrued income	51 372 703	45 921 799
Other debit adjustment accounts	11 952 334	15 581 690
<i>including Expenses attributable to more than one period</i>	4 858 830	7 106 599
<i>including Prepaid Charges</i>	7 093 504	8 475 091
Revaluation of derivative and foreign exchange instruments		
Adjustment accounts – assets	63 325 037	61 503 489
Accrued expenses	28 939 344	8 252 360
Other credit adjustment accounts	65 178 033	70 533 145
<i>including prepaid income</i>	65 178 033	70 533 145
Revaluation of derivative and foreign exchange instruments	314 827 671	197 672 935
Adjustment accounts – liabilities	408 945 048	276 458 440

3.g DEBT SECURITIES

In euros	31/12/2015	31/12/2014
Bond borrowings	2 000 000 000	3 000 000 000
<i>associated liabilities</i>	49 335 373	53 760 274
Debt securities	2 049 335 373	3 053 760 274

3.h SUBORDINATED DEBT

In euros	31/12/2015	31/12/2014
Repayable subordinated debt	65 000 000	65 000 000
<i>Associated liabilities</i>	191 441	209 072
Subordinated debt	65 191 441	65 209 072

4. ADDITIONAL INFORMATION

4.a CHANGES IN SHARE CAPITAL IN EUROS

	31/12/2015			31/12/2014		
	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	3 604 000	10	36 040 000	2 404 000	10	24 040 000

4.b CHANGES IN SHAREHOLDERS' EQUITY

In euros	31/12/2014	Increases in accounts	Decreases in accounts	31/12/2015
Equity	24 040 000	12 000 000		36 040 000
Premium on shares				
- Legal reserve (1)	1 930 156			1 930 156
- Reserves required by	-			-
- Regulated long-term	-			-
- Other Reserves	-			-
Unrealised translation	-			-
Retained earnings	(6 259 290)		3 345 564	(2 913 726)
Profit for the period	3 345 564	(9 991 016)	(3 345 564)	(9 991 016)
Shareholders' equity	23 056 430	2 008 984	-	25 065 414

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	31/12/2015	31/12/2014
Exchange rate derivatives	1 548 287 841	1 968 839 660
Interest-rate derivatives	5 100 601 681	7 397 501 382
OTC financial forward instruments	6 648 889 522	9 366 341 042

4.d INFORMATION ON OFF-BALANCE SHEET ITEMS

In euros	31/12/2015	31/12/2014
Other order guarantees on behalf of the clientele		
Financial guarantee commitment		
Guarantee Fund for deposits and resolution	139 797	
Guarantee commitments given	139 797	

In euros	31/12/2015	31/12/2014
Clients		
Coface	897 813 793	1 103 120 188
Euler Hermes KreditVersi	878 674 920	1 023 588 979
Export CT guarantee dept	421 809 216	444 702 814
Export import BK OF US	365 327 342	515 534 617
EKF DENMARK	3 443 588	3 607 850
Guarantee commitments received	2 567 068 858	3 090 554 448

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	1 066					
Loans and advances to banks	160 223	1 104 360	11 613	46 100	1 501	1 323 797
Demand receivables	160 223					160 223
Term receivables		1 104 360	11 613	46 100	1 501	1 163 574
Transactions with clients		140 073	558 565	1 685 372	394 899	2 778 908
Bonds and other fixed-income securities			-	161 051	139 168	300 219
SOURCES						
Amounts due to banks	-	1 000 000	-	937 834		1 937 834
Debt securities			1 000 000	1 000 000		2 000 000
Subordinated debt				65 000		65 000

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 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

Statutory Auditors' report on the financial statements

For the year ended 31 December 2015

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 2015, 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 2015 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 the note to the income statement explaining that non-recurring income for the period corresponds to prior-year adjustments to termination payments and net interest payments on swaps.

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 corporate 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, 25 March 2016

French original signed by

The Statutory Auditors

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