



BNP PARIBAS
PUBLIC SECTOR SCF

BNP PARIBAS PUBLIC SECTOR SCF
FINANCIAL STATEMENTS

At 31 December 2009

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FIVE-YEAR FINANCIAL SUMMARY

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

In Euros at 31 December	Notes	2009	2008
Interest income	3.a	28,526,821	-
Interest expense	3.a	(15,165,367)	(35)
Income from variable-income securities			
Commission income	3.b	1,900,000	-
Commission expense	3.b	(1,492,930)	(29)
Gains or losses on trading securities		170,387	-
Gains or losses on investment securities		-	-
Other banking income		1	
Other banking expenses		(920)	-
NET BANKING INCOME		13,937,991	(65)
Salary costs		-	-
Other administrative expenses	3.c	(1,096,263)	(6,536)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-	-
GROSS OPERATING INCOME		12,841,728	(6,600)
Provisions for credit risks		-	
OPERATING INCOME		12,841,728	(6,600)
Net charge to special tax regulated reserves			
Gains or losses on disposals of long-term investments			
PRE-TAX INCOME		12,841,728	(6,600)
Exceptional items			
Corporate income tax	3.d	(2,876,469)	
NET INCOME		9,965,259	(6,600)

BALANCE SHEET AT 31 DECEMBER 2009

In Euros at 31 December	Notes	2009	2008
ASSETS			
Cash and balances with central banks and post offices			
Treasury bills and money-market instruments		-	-
Loans and advances to credit institutions	4.a	217,497,385	23,995,427
Loan and advances to customers	4.b	1,454,136,182	-
Bonds and other fixed-income instruments		-	-
Equities and other variable-income securities		-	-
Investments in non-consolidated undertakings and equity securities held for long-term investment			
Other participating interests			
Finance leases and hire purchase contracts			
Intangible assets		-	-
Property, plant and equipment		-	-
Treasury shares			
Other assets	4.c	-	-
Prepaid expenses and accrued income	4.d	97,075,541	-
TOTAL ASSETS		1,768,709,107	23,995,427
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to central banks and post offices			
Due to credit institutions	4.a	646,760,069	-
Due to customers	4.b	-	-
Debt securities	4.e	1,019,664,384	
Other liabilities	4.c	2,696,492	-
Accrued expenses and deferred income	4.d	404,888	1,953
Provisions for contingencies and charges		-	-
Subordinated debt	4.f	65,224,542	
TOTAL LIABILITIES		1,734,750,375	1,953
EQUITY	5.b		
Share capital	5.a	24,040,000	24,040,000
Additional paid-in capital			
Reserves		-	-
Retained earnings		(46,527)	(39,926)
Net income for the year		9,965,259	(6,600)
TOTAL EQUITY		33,958,732	23,993,473
TOTAL LIABILITIES AND EQUITY		1,768,709,107	23,995,427

Off-balance sheet items	Notes	2009	2008
Commitments given			
Financing commitments			

Guarantee commitments			
Securities commitments		-	
Commitments received			
Financing commitments			
Guarantee commitments		1,528,703,052	
Securities commitments			

1. Significant events of the year

BNP Paribas Public Sector SCF (hereinafter the Company) was authorised as a finance company by the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) on 30 January 2009.

2. Significant accounting policies

The Company prepares its financial statements in accordance with French generally accepted accounting principles for finance companies,

using the historical cost convention.

Loans and advances to credit institutions and customers

Loans and advances to credit institutions comprise all loans and other receivables arising from interbank transactions with credit institutions. They are broken down into demand accounts and term accounts.

Loans and advances to customers mainly comprise export credits and loans to financial customers guaranteed by public entities. They are broken down into commercial loans and other loans and advances.

Loans and advances to credit institutions and customers are recognised on the balance sheet at their face value plus accrued interest.

Premiums/discounts corresponding to the difference between the face value and the purchase price are deferred over the remaining term of the loans or advances on a straight-line basis.

Debt securities

Debt securities are presented by type. They mainly comprise covered bonds.

Accrued interest on these securities is recognised in the balance sheet under the heading accrued interest payable with a corresponding amount recognised in profit or loss.

Issue or redemption premiums and issuance expenses are deferred over the term of the securities on a straight-line basis.

Due to credit institutions

Amounts due to credit institutions are presented according to their initial maturity or their nature: sight accounts or term accounts for credit institutions. Accrued interest is recognised on the balance sheet under the heading accrued interest payable.

Derivative financial instruments

Commitments on derivative financial instruments are contracted on various markets for micro or macro hedging assets or liabilities or for trading purposes.

They are recognised as off-balance sheet items at their nominal amount. Their accounting treatment depends on their purpose.

➤ Derivative financial instruments held for hedging purposes

Income and expenses on derivative financial instruments held for hedging purposes, allocated at inception to an item or homogeneous pool of identified items, are recognised in profit or loss symmetrically with the income and expense on the hedged items and under the same accounting heading.

Income and expenses on derivative financial instruments held to hedge a structural exposure to interest rate risk are recognised in profit or loss on an accrual basis.

Corporate income tax

Corporate income tax constitutes a charge for the period to which the income and expenses relate, regardless of their actual date of payment.

Recognition of income and expense

Interest income and commission income treated as interest income is recognised on an accrual basis. Commission income treated as interest income includes various fees received when they form part of the remuneration on a loan.

Fees received in consideration for services provided are recognised when earned.

Transactions in foreign currency

Receivables, payables and off-balance sheet items denominated in foreign currencies are valued at the year-end exchange rate.

Any translation differences on the reporting date are recognised in profit or loss, except for financial instruments recorded off-balance sheet, where translation differences are held on an accruals account.

Foreign currency income and expenses arising on loans, borrowings and off-balance sheet transactions are recognised in income and expense accounts opened in the foreign currencies concerned and translated at each month end.

The monthly gain or loss in foreign currency is partly hedged by the monthly gain or loss determined according to IFRS. Foreign exchange gains or losses on the unhedged portion are recognised in profit or loss.

Foreign currency income and expenses are recognised at their equivalent value on the transaction date.

Group tax relief

BNP Paribas Public Sector SCF is a member of the French tax consolidation group headed by BNP Paribas.

Under the group tax relief agreement, corporate tax expense is calculated by the subsidiary as if group tax relief did not apply.

The amount calculated, less any tax credits, is due to the parent company, BNP Paribas SA.

Consolidation

The company's financial statements are fully consolidated in the financial statements of BNP Paribas S.A.

3. NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 31 December 2009

3.A NET INTEREST INCOME

Interest received and paid on financial instruments measured at amortised cost and on financial instruments measured at fair value that do not meet the definition of a derivative financial instrument is recognised under interest income and interest expense.

Interest income and expense on hedging instruments is recognised in the same way as interest income and expense on the hedged item.

In Euros	2009		2008	
	Income	Expense	Income	Expense
Credit institutions	2,817,785	(5,321,947)	-	(35)
Demand accounts, loans and borrowings	2,817,785	(5,321,947)		(35)
Customers	25,709,037	-	-	-
Demand accounts, loans and term accounts (1)	25,709,037			
Debt securities	-	(9,843,420)		
Covered bonds		(8,280,817)		
Subordinated debt		(1,562,604)		
Total	28,526,821	(15,165,367)	-	(35)

(1) Including €543 thousand in foreign exchange losses due to the timing difference between the hedging of a manual USD entry and the hedging of its cancellation.

3.B COMMISSION INCOME AND EXPENSE

In Euros	2009		2008	
	Income	Expense	Income	Expense
Banking and financial transactions	1,900,000	(1,492,930)		
Securities transactions	1,900,000	(1,492,930)	-	(29)
Total	1,900,000	(1,492,930)	-	

3.C OPERATING EXPENSE

In Euros	2009	2008
Other administrative expenses	(1,096,263)	(6,536)
Intermediaries' remuneration	(759,139)	(6,536)
Other external services	(69,184)	
Taxes and duties other than on income	(267,940)	
Total	(1,096,263)	(6,536)

3.D CORPORATE INCOME TAX

In Euros	2009	2008
Current income tax	2,876,469	
Total	2,876,469	-

4. Notes to the balance sheet at 31 December 2009

4.A CREDIT INSTITUTIONS

In Euros	2009	2008
Loans and advances	217,497,385	23,995,427
Demand accounts	80,369,096	23,995,427
Term accounts and loans	137,128,289	
Total loans and advances to credit institutions	217,497,385	23,995,427
<i>Including accrued interest</i>	344,990	

In Euros	2009	2008
Deposits and borrowings	646,760,069	-
Demand accounts	63	
Term borrowings	646,760,007	
Total due from credit institutions	646,760,069	-
<i>Including accrued interest</i>	37,069	

4.B LOANS AND ADVANCES TO CUSTOMERS

In Euros	2009	2008
Loans and advances	1,454,136,182	-
Other customer loans	1,454,136,182	
Total loans and advances to customers	1,454,136,182	
<i>Including accrued interest</i>	7,165,012	

4.C OTHER ASSETS AND LIABILITIES

In Euros	2009	2008
Other liabilities	2,696,492	
Total	2,696,492	

4.D ACCRUALS AND PREPAYMENTS

In Euros	2009	2008
Revaluation of interest rate and currency derivatives	49,172,691	
Accrued income	10,628,304	
Other accruals and prepayments	37,274,545	
<i>o/w deferred charges</i>	3,129,398	
<i>o/w prepaid expenses</i>	34,145,147	
Total prepaid expenses and accrued income	97,075,540	-
Accrued expenses	404,887	1,953
Total accrued expenses and deferred income	404,887	1,953

4.E DEBT SECURITIES

In Euros	2009	2008
Bonds	1,000,000,000	
<i>Accrued interest</i>	19,664,384	
Total	1,019,664,384	-
<i>o/w unamortised issue premium</i>	3,129,398	

4.F SUBORDINATED DEBT

In Euros	2009	2008
Redeemable subordinated debt	65,000,000	
Accrued interest	224,542	
Total	65,224,542	-

5. Additional information

5.A CHANGE IN SHARE CAPITAL (IN EUROS)

	2009			2008		
	Number of shares	Par value	Amount	Number of shares	Par value	Amount
Opening balance	2,404,000	10	24,040,000	2,404,000	10	24,040,000
Closing balance	2,404,000	10	24,040,000	2,404,000	10	24,040,000
Earnings per share						

5.B CHANGE IN EQUITY

In thousands of Euros	31/12/2008	Increases	Decreases	31/12/2009
Equity	24,040	(47)		23,993
Issue premiums				-
Statutory reserve				-
Other contractual reserves				-
Special long-term capital gains reserve				-
Other reserve				-
Revaluation reserve				-
Retained earnings	(40)	(7)		(47)
Net income for the year	(7)	9,965		9,959
Equity	23,993	9,912	-	33,906

5.C NOTIONAL AMOUNT OF FINANCIAL INSTRUMENTS

The notional amount of derivative financial instruments is simply an indication of the Company's volume of activity in the financial instruments market and does not reflect the market risk attached to those instruments.

- Hedging portfolio:

In Euros	2009	2008
Currency derivatives	1,060,724,872	
Interest derivatives	1,479,563,970	
Total over-the-counter derivative financial instruments	2,540,288,842	-

5.D NOTES TO THE STATEMENT OF OFF-BALANCE SHEET ITEMS

In Euros	2009	2008
Customers		
Coface	607,462,194	
Euler Hermes KreditVersi	228,368,811	
Export Credit Guarantee Department	49,340,734	
Export Import Bank of US	643,531,312	
Guarantee commitments received	1,528,703,052	

5.E MATURITY OF ASSETS AND LIABILITIES

In thousands of Euros	Overnight transactions	Maturity				
		Under 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
ASSETS						
Loans and advances to credit institutions	80,701	90,955	3,017	22,369	20,455	217,497
Demand accounts	80,369					80,369
Term accounts	332	90,955	3,017	22,369	20,455	137,128
Loans and advances to customers	7,165	58,401	150,956	815,765	421,849	1,454,136
LIABILITIES						
Due to credit institutions		646,723	-			646,723
Debt securities				1,000,000		1,000,000
Subordinated debt					65,000	65,000

Five-year financial summary

In Euros	31/12/2005	31/12/2006	31/12/2007	31/12/2008	31/12/2009
Position at year end					
Share capital	40,000	40,000	40,000	24,040,000	24,040,000
Number of shares in issue	4,000	4,000	4,000	2,404,000	2,404,000
Number of convertible bonds in issue	None	None	None	None	None
Operations and results for the year					
Net banking income(1)	None	None	None	(65)	13,937,991
Income before tax, depreciation, amortisation and provisions	(5,509)	(5,941)	(12,498)	(6,600)	9,965,259
Income taxes	None	None	None	None	(2,876,469)
Net income	(5,509)	(5,941)	(12,498)	(6,600)	9,965,259
Total dividends	None	None	None	None	9,375,600
Earnings per share					
Earnings after tax but before depreciation, amortisation and provisions	(0.14)	(0.15)	(0.31)	(0.00)	0.41
Earnings per share	(0.14)	(0.15)	(0.31)	(0.00)	0.41
Dividend per share	None	None	None	None	3.90
Employee data					
Average number of employees during the year	None	None	None	None	None
Total payroll	None	None	None	None	None
Total benefits (social security, company benefit schemes)	None	None	None	None	None

(1) BNP Paribas Public Sector SCF became a finance company on 30 January 2009.

Proposed appropriation of 2009 net income (in euros)

SOURCE	
Net income for the year	9,965,258.79
Retained earnings	- 46,526.92
Total	9,918,731.87
APPROPRIATION	
Transfer to reserves:	
- Statutory reserve	498,262.94
- Special long-term capital gains reserve	
- Other reserves	
Dividends	9,375,600.00
Retained earnings	44,868.93
Total	9,918,731.87

BNP PARIBAS PUBLIC SECTOR SCF

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

(Year ended 31 December 2009)

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

Exaltis
61, rue Henri Regnault
92400 Courbevoie

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Year ended 31 December 2009)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information 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 Haussman
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 2009, 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 consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our 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 2009, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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 in the context 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 the specific verifications required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity 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 and Courbevoie, 16 April 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Patrice Morot

Guillaume Potel